

PRS-WER-87-067 296060
2 AUGUST 1987



JPRS Report

West Europe

DISTRIBUTION STATEMENT A

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19980616 136

DTIC QUALITY INSPECTED 8

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12 AUGUST 1987

WEST EUROPE

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SOCIALIST PEOPLE'S PARTY CALLS TRUCE IN ATTACKS ON SDP

Copenhagen BERLINGSKE TIDENDE in Danish 22 Jun 87 p 1

[Article by Ole Dall; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Socialist People's Party [SF] will stop attacking the Social Democrats in the political debate. Gert Petersen (SF) feels the Social Democrats have started to stress a future SDP-SF cooperation.

"We in SF have noted that in recent months the Social Democrats have been clearer and more positive than before with regard to cooperating with us. We intend to reciprocate by refraining from attacks on the Social Democratic Party."

SF chairman Gert Petersen sees clear signs of increased red comradeship in Danish politics. He is glad that Anker Jorgensen (SDP) no longer says that under a red majority SF "should just follow the lead of the Social Democratic Party."

"Anker Jorgensen is now moving toward negotiating a number of things with us and in general the Social Democrats have toned down their ridiculous remarks about holding the door open for the Radical Liberals. That is the way we see it in SF and for that reason we will not start a fight--unless we are provoked," said Gert Petersen, who calls it an "important signal" that in the closing Folketing debate the Social Democrats and SF joined forces in presenting a resolution that was a declaration of no confidence in the government. Gert Petersen and Svend Auken were behind the proposal.

"With the joint proposal to hold an election, we showed that the two parties will work together to try to replace the current government," said Gert Petersen.

Has SF abandoned all the talk about working out something that only resembles a joint SDP-SF presentation prior to the election?

Gert Petersen replied: "We have not abandoned the idea 100 percent--but 90 percent. Instead it is now important to criticize the nonsocialist government and clearly outline SF's alternative, which we will then discuss with the Social Democrats if we win a joint majority."

Doesn't that leave the voters without an answer to the question of what a potential SDP-SF majority would do?

"No, I don't really think so. They know our standpoints and it will become apparent in the election campaign that the Social Democrats and SF have similar opinions in a number of areas," Gert Petersen said in closing.

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CSO: 3613/108

BIRGIT BJORNVIG, RADICAL LIBERAL MP, PROMINENT IN ANTI-EC FIGHT

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jun 87 p 7

[Article by Thorkild Dahl: "Radical Liberal Opposition to EC"]

[Text] "Yes, I was divorced from my first husband and a big factor was deep disagreement over EC."

There was an enthusiastic response at the annual meeting of the People's Movement Against EC in Odense in 1983 when Radical Liberal Birgit Bjornvig said in a speech that reflected deep commitment that the fight against Denmark's EC membership was so important to her that it had had consequences in her family life.

The now 51-year-old Birgit Bjornvig has one political leg in the Radical Liberal Party and the other in the People's Movement Against EC and it will be as a representative of the People's Movement that she will replace former dean Jorgen Bogh in the parliament in Strasbourg. Bogh wants to step down because of illness.

It is not difficult for Birgit Bjornvig to ride on both political horses, but if she is elected in the next Folketing election she will settle for the ferry trip to Sjaelland and give up both Brussels and Strasbourg. She is first alternate in Arhus County, but Bernhard Baunsgaard, who is almost 70 years old, wants to run once more and he is almost certain to win the seat. But then she can serve her political apprenticeship in the European Parliament, although she also has experience in municipal work, including serving as chairman of the Technology and Environmental Committee in Samso.

She was re-elected to her seat on the executive committee of the Radical Liberal Party and it was especially the rear guard of the Arhus County Radical Liberals, the women and the EC skeptics, who provided the votes.

Many other Radicals could not reconcile themselves to the fact that after Birgit Bjornvig worked on the Radical EC program she ignored the Radical list for the 1984 EC election and moved onto the list of candidates nominated by the People's Movement Against EC.

Birgit Bjornvig sets to work with great commitment and this was also true when she was appointed briefly as temporary principal of Samsø Folk High School as well as earlier when she worked to straighten out drug addicts on the beautiful island of Samsø, far from the drug environment of Vesterbro, where Birgit Bjornvig grew up herself.

As a politician her main interests are the environment and agriculture, which interests her both because it is a big EC issue and because her son has been educated as a farmer and will undoubtedly end up farming his father's property in West Jutland.

As far as the People's Movement Against EC is concerned culture has no place in EC, but because of her marriage to author Thorkild Bjornvig for the last 17 years, Birgit Bjornvig can hardly ignore culture altogether in Strasbourg.

For her culture is also a natural counterbalance to a social development that is increasingly characterized by a fast tempo and modern technology.

6578

CSO: 3613/108

PAPER VIEWS LEFT'S INACTIVITY CONCERNING PRESIDENTIAL RACE

Helsinki HUFVUDSTADSBLADET in Swedish 19 May 87 p 2

[Editorial by Bjorn Mansson: "Left Delays its Answer"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] The delay by the leftist parties in reaching decisions about the presidential election is discussed by Bjorn Mansson, who draws attention to Kalevi Kivisto's credibility problems as a candidate for the SKDL [Finnish People's Democratic Party] and to the uncertainty that would be caused if President Koivisto were to delay his decision until this fall.

There will soon be only half a year left before the presidential election at the start of next year. The two big nonsocialist parties--the Conservative Party and the Center Party--nominated their candidates as early as last year: the Center Party did so last summer at its last regular party convention before the election, while the Conservatives chose their candidate at a special party congress last fall. The two leading leftist parties also made preliminary decisions about their candidates as far back as last November--but we are still waiting for their final decisions.

Social Democrats will have to wait at least until their party congress early this June for an answer from President Koivisto, and the day before yesterday, it turned out that the People's Democrats also want to think things over a while longer. In their case, it is not the proposed candidate, Governor Kalevi Kivisto, who is hesitating--other circumstances were behind the decision to table the matter for 3 weeks. The decision will now be made at the last possible moment before the Communist Party's upcoming congress--that is, on the day before that congress opens.

The reason for the delay is said to be that they want to wait for the results of discussions underway with uncommitted individuals who may come around to supporting Kivisto's candidacy. There is great secrecy concerning which persons and/or groups may be involved. There is merely talk of "scientists and artists."

It is intimated, among other things, that the talks may involve uncommitted leftist intellectuals who acted similarly in the last election and supported

Mauno Koivisto, but who are now said to be disappointed--perhaps partly because of this year's solution for government. But there is also talk of individual representatives of Taisto's Democratic Alternative [DA] and the Greens. The SKDL-SKP [Finnish Communist Party] can scarcely be thinking of some kind of organized cooperation with that party of communist opposition, but it would not be strange if individual members of the DA chose to support Kivisto in preference to a possible DA candidate with little credibility. Even before the parliamentary election, the name of Kristiina Halkola was being mentioned in that connection.

It is hard to imagine that the little "popular front" which the SKDP thinks it can form behind its presidential candidate would be able to achieve anything other than marginal significance. The comparison with the uncommitted candidates for elector who supported Koivisto the last time around is probably limited to the actual pattern for such a front.

On the other hand, it is understandable that the SKDP should be making a brave attempt: presidential candidate Kivisto needs all the help he can get in strengthening his credibility. And this refers not to Kalevi Kivisto personally, but to his political starting position.

Kivisto made a fine effort in the last presidential election, especially in debating the issues. And considering Mauno Koivisto's superiority, Kivisto made a good showing with 350,000 votes, or 11 percent of the total, which gave him 32 electors.

But that occurred in a situation in which the SKDP had still managed to garner 518,000 votes in the preceding legislative election (1979), and there were 35 members in its parliamentary group. In this year's election, the SDKP wound up with barely over half as many votes (about 270,000), and its parliamentary group has been reduced by more than half: to 16 members. In 1982, the SKDP was still one of the so-called four big parties, but now it is only one of our three middle-sized parties (the others being the SFP [Swedish People's Party] and the SMP [Finnish Rural Party]).

His starting position is not exactly improved by the fact that Mauno Koivisto is now (obviously) running for reelection--always a trump card. The niche that remains for Kivisto is the discontent on the left (even within the SDP [Social Democratic Party]) which probably resulted from the solution for government.

But this is where Kivisto runs up against his real credibility problem: since the SKDP's electors (more precisely, the 21 who supported the so-called majority line) renounced their own candidate the last time and voted for Koivisto on the very first ballot, it cannot be easy to maintain an independent profile now, 6 years later. SKDP Chairman Esko Helle announced as early as last year that if necessary, the SKDP would support Koivisto's reelection. The fact that he has now grown more cautious in his statements does not alter that fact.

On top of that, individuals in the SKDP's ranks can already be heard saying that that they would be willing to support Koivisto's reelection from the start. One of them is newly elected MP Esko Seppanen.

In view of all that, it is only too clear that in this election, Kalevi Kivisto is going to be regarded as a supporting candidate for the Social Democratic candidate. Obviously, however, his efforts will be necessary just to keep the incumbent president from coming across as the candidate of the combined Left--since that might scare away Koivisto's nonsocialist voters.

It is unlikely that the SKDP postponed its nomination of Kivisto expressly in order to wait for the expected nomination decision by the SDP at its congress early in June. But one cannot get away from the fact that the procedure will now be different from the one the SDP imagined.

Provided, that is, that the SDP is able to decide on a nomination at its congress. So far, of course, it is not clear whether President Koivisto will give his answer in time. The rumors that he will wait until fall have been growing stronger over the past few days, as have speculations, in fact, that his answer will be no. On the other hand, the statement, for example, that the new government might very well survive the presidential election can be interpreted as an indication that Koivisto may be thinking of reelection. If there is a change of president, the government could scarcely avoid handing in its resignation to the new president.

Incidentally, the fact that formation of the new government is complete indicates that the president should already be able to give his answer this spring. If it were not complete, one could understand why, with negotiations for forming a government underway, the president would not want to let himself be nominated as a party's presidential candidate.

The main reason why the decision from the palace is being delayed is said to be the president's hesitation at the possibility of being regarded more as a presidential candidate than as an incumbent head of state. Purely on principle, that argument can be respected, but the feeling is that previous experience does not seem to indicate that the danger is unduly great. Before the 1978 presidential election, Urho Kekkonen was nominated (by the Social Democrats!) 3 years ahead of time, and probably it never entered anyone's head that his position was weakened as a result.

If Mauno Koivisto is really choosing to delay his announcement until fall, that will not cause any purely formal problems for the Social Democrats. The fact is that in the SDP, decisions by lower party organs are sufficient for nominating a presidential candidate. Politically, however, the situation will be more awkward. Uncertainty would spread both inside and outside the SDP, and there would be an embarrassing amount of grist for the rumor mills.

Combined with the current secrecy surrounding the SDP's choice of its new party leadership, the absence of debate on the presidential issue at the party congress would easily raise questions about our largest party's readiness to openly discuss important decisions concerning its choice of leaders.

A postponement of the SDP's nomination of Koivisto would cause problems for others as well--especially the Swedish People's Party, which will take a stand on the presidential issue at its congress in mid-June. One reported possibility is that it will support reelection of the incumbent. But a decision to do so can scarcely be made as long as his candidacy remains open.

The SDP and Mauno Koivisto in particular seem to have a predilection for short election campaigns, as was evidenced both in this year's legislative election and in the last presidential election, when Koivisto, in his capacity as acting president, avoided confrontation with the other candidates right up until the final phase of the campaign. The question is how well that procedure satisfies highly prized democratic requirements--especially when it involves an incumbent president who bears responsibility for 6 years of stewardship.

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CSO: 3650/155

FRANCE

POLITICAL

REPORT OF PCF'S MARCHAIS EUROPE 1 REMARKS ON PRESIDENTIAL CAMPAIGN

Paris L'HUMANITE in French 19 Jun 87 p 9

[Excerpts] Georges Marchais was invited by Jean-Pierre Elkabbach to appear on Europe 1 yesterday. Commenting on the proceedings of the National Conference, he started by indicating that "the Communist Party is in excellent health." He added, in regard to 1988 "I am very optimistic. Obviously, it will not be easy. It will be a tough battle, but we can win it. In 1981, I received 4.5 million votes, which was a very good result for a Communist candidate. I am starting out, my party is starting out, with the idea of doing as well, if not better."

The 1981 election witnessed the success of Francois Mitterrand's strategy of inflating the Socialist Party and weakening the Communist Party. What has been the result? "Beginning in 1982, we returned to a policy of austerity; the layoffs continued; purchasing power declined; there were the first attacks on Social Security, and it was that which enabled the Right to come to power."

"What is that Right doing today? It is stressing the policy implemented between 1982 and 1986. And what do the Socialists propose for the future? Austerity and the armaments race, to the extent that a paper such as LIBERATION was able to write that "in foreign policy, one could not slide a cigarette paper between the position of the Socialist Party and that of the majority RPR-UDF"!

Thus, "the experience gained since 1981 should make Frenchmen recognize that the Communists were right."

"So can Mr Mitterrand have his breakfast in tranquillity?" asked Jean-Pierre Elkabbach. Georges Marchais answered: "I do not know whether he will be a candidate, but if I were the president of the socialist Republic, believe me, I would be very worried! I would be worrying on the moral level. For, as for myself, I have never made promises that I have not kept."

Georges Marchais was also asked several topical questions. About the situation in Corsica: "The Corsican people are very attached to France; they are French, and they condemn violence. The economic situation, the employment situation, youth, and living conditions of the people are still more serious there. It was more than 10 years ago that we proposed a program of economic, social and democratic recovery for Corsica, but whether it was Giscard in his

time, or Mitterrand between 1981 and 1986, nothing was done in this direction."

In regard to the Lamassoure amendment, Georges Marchais said: "We have a disastrous economic and social situation, and the aim of the current unprecedented attack on freedoms is to impose on the workers the policy that led to this situation. They are not formally eliminating the right to strike, but they are seriously affecting it. It is alright to be in favor of striking in Poland, the Soviet Union, and the socialist countries and be against it in France! As for ourselves, we support the right to strike everywhere! And we will not tolerate this!

Jean-Pierre Elkabbach then asked Georges Marchais about Le Pen: "Andre Lajoinie has said he is ready to debate with Le Pen; the latter has said yes. Would you also like to encounter him?"

Georges Marchais replied: "I consider that the party's candidate is the one best qualified to debate with Le Pen. Obviously, it should be done! Because it is necessary to inform public opinion. Le Pen is a racist; he must be condemned and fought as such. And what is not well-enough realized, Le Pen is the Rightist policy in all fields."

Asked about Pierre Juquin, Georges Marchais answered: "The Communist Party is the only party to have proceeded in a totally democratic way; the Communists discussed, then they voted, and they democratically decided that Andre Lajoinie was the best candidate. Now, the duty of all Communists, without exception, is to respect the democracy, and as a result to conduct a campaign for Andre Lajoinie on the basis of the policy and program to be decided by all Communists at the 26th Congress."

Several questions dealt with the same subject: "Can Pierre Juquin continue to campaign against Lajoinie?" "He has said that the vote was produced in a Stalin-type fashion." "What will you do if he offers himself as a candidate?"

"Pierre Juquin is not democratic," replied Georges Marchais. "He refuses to recognize the will expressed almost unanimously by the party. Produced in a 'Stalin-type fashion'? If there is still a Stalinian in this country, it is Pierre Juquin! And if he offers himself as a candidate, he will be primarily a Socialist candidate; he will not take any votes from us."

Myself, if I were in the place of Pierre Juquin, who does not regard this party as his own, and its policy as his own, and its ways of life and democratic operation do not suit him, I would leave the Communist Party. It was he who one day decided to join it. He has worked in it and had the highest responsibilities, and I played a role in that and do not regret it. However, Pierre Juquin is now turning his back on that party, and he is not resting at that: he is fighting it. Well, there are limits. We will see. But that does not worry me at all."

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CSO: 3519/145

GREECE

POLITICAL

U.S. SEEN WISHING TO CREATE 'CONFRONTATIONAL' CLIMATE

Athens I VRADYNI in Greek 27 Jun 87 p 4

[Article by Rodolfos Moronis]

[Excerpt] A political or, more accurately, a diplomatic news story displaced from the headlines of newspapers a horrendous crime unique in the country's police history of the past 50 years.

The "diplomatic news story" concerned yesterday's meeting American Ambassador R. Keeley asked to have with foreign Minister K. Papoulias. According to reports, Keeley expressed to the foreign minister his government's concern about the way the Greek government is handling matters connected with terrorism. Papoulias reacted negatively to the manner or substance of the American complaint and--according to the same reports--the result was a "clash."

This is not accidental and commenting on the report one should bear in mind that the newspapers which chose to "sensationalize" this diplomatic news item were all pro-government.

Keeley's protest has raised some questions, the most dominant of which is: for what reason is the United States--which at this time presumably wants to have as normal as possible relations with Greece--provoking us or giving us cause to appear as provocative?

There are perhaps several answers to the question. However, let it be first noted that even if the government of the United States was concerned about the actions or inactions of the Greek government concerning terrorism, it should be more discreet about its own actions.

It had no reason to ask for a special meeting with the foreign minister. Keeley could take up issues on terrorism with Papoulias at their scheduled meeting for discussing procedures for conducting negotiations on the bases. The Americans do make mistakes (some of their foreign policy mishandlings are monumental), but possibly in this case the Keeley request was not a mistake--Keeley purposely wanted to provoke the "confrontation".

There can be only two explanations of what happened. Either the Americans wanted to remind the Greek government that they have ways of exerting

pressure and that, in the last analysis, they do not have to put up with too much for renewing the bases' agreement, or Washington and Athens agreed to "create" a bases' climate which will help the present Greek government project an heroic and patriotic face.

Even though it is expected that the Papandreou government may try to exploit the bases' negotiations for domestic reasons (in its dreams it sees the bases' issue tied with a new 4-year term), the possibilities of a collision with Washington are poor.

Thus, the most prevailing explanation of why Keeley brought up the issue of terrorism at the special meeting with Papoulias is that Washington wanted to exert pressure in view of the forthcoming talks on the bases. What Keeley really wanted to say was that the Greek government should not forget that the U.S. has ways of exerting effective influence and even to hurt the weak Greek economy which cannot withstand another White House "travel advisory." This would have a negative impact on tourism and would curtail investment for which the country has great need.

If indeed this was the thinking behind Keeley's action, the Greek side found an excellent opportunity to play the game it originally intended to play. This then, is the reason the pro-government newspapers excessively played up the Greek-American "crisis" at the expense of the shocking events of the day.

This is more proof that the Athens government is determined to create the impression that it conducts hard negotiations with Washington and to persuade the Greek people that it is the only government determined to defend Greek interests and should therefore have its support.

The trouble with the Papandreou government is that by playing such a game it risks falling into ridicule--a trap one usually falls into not because of what one is but because of what one pretends to be.

7520

CSO: 3521/147

DIFFERENT POLICY URGED IN RELATIONS WITH TURKEY

Athens I KATHIMERINI in Greek 19 May 87 p 9

[Article by Virginia Tsouderou]

[Excerpts] After 15 years of abnormal antagonism between two neighboring countries, with an obvious deadlock, it is now time to scout out new roads in the relations of Greece and Turkey.

Maybe we will hear the strange proposal that Greece try promoting an initiative whose goal is to adopt an aspiring policy which would lead to the peaceful cohabitation of the two peoples, even before a just solution has been given to the crime against the Cypriot people.

Now is the hour, however, on the threshold of the 21st century, facing the now apparent catalytic changes in the international and regional equilibriums and associations, for Greece to replace short-term goals with the charting of a policy which would lead to future developments for peaceful coexistence, to the mutual benefit of the two peoples.

The road being followed today has simply led to an impasse. It does not give a solution to the Cyprus problem, on the contrary, it consolidates, with the simple passing of time, the illegality of the invasion. At the same time, the continuing stand-by situation creates insurmountable impediments for the economic and cultural development of the two communities which have such a great need for a long peaceful period. The cultivation, through oration, of enmity between the two peoples offers temporary political gains to narrow-minded politicians who use demagoguery, taking advantage of the peoples' just demand to live independent and free. This fruitless policy, on anachronistic bases, which creates cold-war conditions, can easily be turned by a random mistake into a heated wastic bases, which creates cold-war conditions, can easily be turned by a random mistake into a heated waonditions, elements of understanding and solidarity could be cultivated just as easily.

Regardless of the causes, it is proven that, despite all the historic reasons which divide us, we can find others which unite us. Through peaceful steps, the oppositions could be solved or, at any rate be "put on ice."

Such bravery is needed for the politicians to suggest solutions which may possibly lead to securing a peaceful coexistence, even if this courageous policy entails some party cost. It will be necessary to begin from basic and simple good-will measures in order to consolidate, in a first phase, a jointly acceptable modus vivendi.

The establishing of a long-term, constructive policy requires collusion for a general, primary agreement to create a positive climate between two peoples with basically different interests. We will not, on the other hand, be the first. Such an initial agreement has been signed by the United States and the Soviet Union.

Reasonable doubts are being created because Papandreou, who boasts so much about his peaceful services, has not undertaken initiatives in this direction--that is, for cultivating a climate which will avert every negative provocation and will not support tendencies of distrust, insecurity and aggressiveness.

Of course, maintaining and cultivating the "danger from the east" is suited to a demagogic, anti-NATOist, anti-American, anti-western policy, so convenient for covering failures and incompetency in solving so many fundamental and serious economic, social and cultural problems which our country faces.

No one can maintain that consolidating a policy of friendship is something easy. We repeat, to begin with, a sincere renunciation of a provocative policy from both shores of the Aegean is needed.

Turkey, with its troops still in Cyprus, with official reports from the General Army Staff formally seeking the consecration of their defensive responsibility for our island, and with their official opinion that our islands sit on their own underwater shelf, will be forced, in the event of a mutual agreement for good neighborliness, to stop citing such positions.

The disavowal, on the part of official representatives from the Turkish Government, of positions such as these which remind one of the Ottoman state, as well as theories about vital space, will help significantly in lightening the heavy atmosphere which has prevailed recently and is owing to these unacceptable declarations.

The friction points could be indicated through a well-disposed dialogue which would lead to this first agreement for good neighborliness. Only with such a dialogue could the appropriate conditions be created for Greece to regain the initiative for political maneuvers, using the only card of value we have as a member of the European Community.

Greece, as a European country, with constitutionally consolidated laws far more democratic than its neighbor's, is in a position to propose a generous policy which would help in promoting Turkey's cooperation with the European Communities. There must be a common awareness that isolating Turkey to an Asiatic plane is not in Greece's interest. In such a case, the frictions will become much more dangerous. Conversely, it is possible, by strengthening

Turkey's European features, to somehow find an automatic solution to the problems which are presently straining the two peoples.

Included, urgently, within such a preamble is Cyprus, which justifiably, because of its European culture, is aiming at becoming included in the European Community soon.

Such a policy, which rests upon Greece's European supports, requires a government which believes in this foreign orientation and in the political and socio-economic principles of the Rome Convention.

Papandreou and his immediate privy councilors, who form and implement their PASOKist policy, have shown that they are anything but willing to develop and exploit our European card.

Our European supports are very strong. There is not enough room here to develop more arguments, but we do not think it is necessary.

There are many Turkish politicians and military figures who desire their country's European orientation. We must encourage them with our own initiatives to the benefit of both peoples.

Do not let the demagogues exclaim that such an aspiring, pacifistic policy would be national "underbidding." On the contrary, any other policy which creates cold or heated wars clearly betrays the people's basic interests.

As a borderland bastion of Europe in the Middle East, where all the countries of the European Communities have important interests, Greece is able to play a pioneer role. Finding and serving mutual interests can only bring benefits to us. Let us not forget that no member country in the European Community views the final and complete accession of Turkey into Europe positively. Despite this, the way in which they handle the issue diplomatically does not defame them in Turkey's eyes.

There are, however, reasons which dictate to all of us not discouraging Turkey, with a principle of not pushing Turkey into the hands of the Islamics and socio-economic retardation.

9247

CSO: 3521/138

COMMENTS ON EFFORTS FOR RAPPROCHEMENT WITH IRAN

Athens I KATHIMERINI in Greek 21-22 Jun 87 p 3

/Report by Rikhardos Someritis, I KATHIMERINI correspondent in Paris/

/Text/ Paris--Minister of Foreign Affairs Karolos Papoulias recently visited Tehran. Initially, there was no reaction, either positive or negative, from any of the western capitals where, moreover, this trip passed almost unnoticed. At any rate, London had asked Mr Papoulias to bring up with Iranian leaders the matter of the British diplomat who had been arrested in Tehran. London's request did not meet with any opposition from Greece.

After his return from this trip, Mr Papoulias made various statements stressing the seriousness of the Iranian leaders. Shortly afterwards, these statements and, even more, the time chosen by Mr Papoulias for talks with the ayatollahs--either by chance or willingly--began raising questions and creating problems. In fact, it cannot be ruled out that these problems will be manifested shortly (directly or most probably indirectly) and publicly.

When the Greek foreign minister was in Tehran the case of the British diplomat was evolving into a tough diplomatic battle between one of Greece's partners in the EEC and the Khomeyni forces. At that same time, French police, following many months of difficult investigations, arrested many Khomeyni connections implicated in a series of deadly terrorist acts in France in 1986.

Immediately after these arrests, a high-ranking Iranian Embassy official in Paris managed either to secretly escape to Switzerland or to be helped in his hasty secret departure by French special services. It appears that the government did not want to assume the terrible cost of a trial by French justice.

At any rate, his "departure" revealed, if this were really necessary, the active involvement of Iran in at least certain terrorist acts, especially those linked to Lebanon.

Immediately afterwards, strong rumors related that some of the western hostages being held in Lebanon had been transferred to Iran. Indications, that for understandable reasons of tactics have not been confirmed by western authorities, lead to the conviction that all hostages in Lebanon are subject to Khomeyni primarily who uses them to blackmail countries involved with regard to their relations with its enemy Iraq.

Observers have for some months now noted a gradual, distinct and systematic endeavor by Greece to improve its relations with Tehran.

It is known that strong Greek interests in and out of Greece (petroleum and arms sales circles) are logically interested in creating as normal political relations as possible even with the Khomeyni regime (their problem is not the western hostages or terrorism). The example of Iran-Gate and also western economic conglomerates whose only ambition is the well-known "business as usual" leaves no doubt that Greek interests too are interested.

The paradox involves the possible necessary balance with regard to relations with Syria (that is facing strong attacks by Iran in Lebanon--the recent kidnappings are an added indication of this) and Iraq; on what seas of expediency did PASOK's traditional solidarity with and mutual admiration for "Ba'th's" Arab socialism founder with all hands aboard?

Everyone, of course, acknowledges that Greek diplomacy cannot leave Turkey to become "exclusive" vis-a-vis Iran, both in the economic and political arenas. The recent visit to Ankara by the Iranian prime minister (where the Turks accepted uncomplainingly the insult of his refusal to visit the Kemal memorial shrine, as all foreigners customarily do) reinforces this view.

The endeavor by Greek diplomacy to promote relations with Tehran does not have, from this standpoint, anything reproachable. It is not certain that the same holds true for the public statements that accompany the various initiatives.

Either ignorance of the psychology of others or indifference for talks is needed when no concern is undertaken to separate the needs of diplomatic operations from the steadfastness in political principles: Iran remains, not only for its unfortunate citizens but even for its women, one of the most cruel regimes on earth. It also constitutes a mortal danger for all western democracies--and also for quite a few eastern countries, headed by the USSR, that already have a Muslim problem.

5671

CSO: 3521/145

REVIEW, CORRECTION OF ELECTORAL LISTS

Athens I KATHIMERINI in Greek 20 May 87 p 14

[Article by G. Tambakopoulos]

[Text] The dead people "registered," and those registered twice, on the country's electoral lists amount to hundreds of thousands, according to the first estimations. Within a few days the Ministry of Interior will have completed the preliminary work for the first cleanup of the electoral lists in 22 years!

It is distinctive that, since 1965, there has not been a cleanup of the electoral lists, in contrast to the revision which occurs every year, in accordance with the law. Aided by the revision, other mistakes are added to the electoral lists every year and so the number of registered "phantoms" has swelled to a dangerous degree.

The whole process of cleaning up the electoral lists has been undertaken by the Ministry of Interior's Elections Directorate, and specialized personnel and the cooperation of the municipalities with the appropriate service factors is required for this. It is noted that the need to clean up the electoral lists has been pointed out for four years but the necessary procedures to implement this were never put in motion.

As officials from the Ministry of Interior maintain, this situation has, for decades, resulted in creating "mistaken impressions" in the election results, but also on the question of official data.

At any rate, the mistakes which have been noted in the electoral lists are owing, to a great extent:

1. To women who changed their township because of marriage performed before 18 February 1983 (Law 1329/83) and had their surname altered, but instead of seeking a transfer from the electoral lists of the municipality which they left, request to register anew in the electoral lists.

2. To voters for whom some element in their registration has changed since 1961 and they are recorded in the voters lists instead of being entered into the corrections lists. Thus, in this case, we have two registrations!

The cleanup of the electoral lists is expected to be completed within the current year.

GOVERNMENT SEEN COMPELLED TO ADOPT NEW TACTICS

Athens I KATHIMERINI in Greek 24-25 May 87 pp 1, 4

[Article by Nikos Nikolaou]

[Text] The change in the political scenario, which is now a fact after former prime minister Rallis' becoming independent and the extensions this important development will unavoidably have, gives another perspective to the intense mobility being observed in this period in the area of the economy. The reactions and pressures being heard at the moment from many directions, for a reorientation of the economic policy, now have greater possibilities of opening new roads and forcing the government to proceed to some measures of a developmental nature. But also the popular mobilizations to overturn the policy of frugality, which are being corrupted by myopic party centers, and the failing strikes now have the possibility of being reactivated with realistic demands--such as connecting wages with productivity--which, if they were enforced, would increase productivity and improve the standard of living.

Independent observers support these forecasts on the following elements which are all connected to the change in the political scenario which began last Tuesday:

First, Andreas G. Papandreou has definitely lost the advantage of a surprise election which he has had up to now. G. Rallis' reference to the possibility of Kon. Karamanlis descending in the next elections as leader of a large democratic faction literally cut off the feet of the people at Kastri, whose dreams and hopes for early elections at a chosen time, and within conditions artificially formed on PASOK's behalf, are now cruelly disappointed. The government is now compelled by events to live with an economic reality having acute problems which are unable to remain unsolved for a long time. The opportunities and possibilities for the productive classes to exert pressure more effectively is greater now. We will have an initial indication about the government's inclinations in this sector next Wednesday with the prime minister's attendance at the SEV [Association of Greek Industrialists] convention and Minister of National Economy Simitis' speech.

Release of Forces

Second, if Rallis' position that an alternation in power is not enough to solve the country's critical national social and economic problems, and that the whole truth must be told to the Greeks, becomes, as is hoped, political

practice, it will set free astonishing forces to recreate the country, forces which have been isolated by a populism from one place or another. In this way, the possibility is afforded politically for the people to hear, and be enlightened by, truths which today are carefully concealed in order to serve narrow and short-term party interests.

The OECD, for example, which surely cannot be accused of partiality in favor of any faction, writes in its latest confidential report--which the government did not dare to make public--that:

"While the stabilization program's positive role in reversing the destabilizing tendencies is not questioned, it is important for it to be understood that the measures which have been taken up to now have, to a great degree, dealt with the symptoms instead of curing the basic causes of the instabilities: the problem of a society which overconsumes, which is excessively oriented to consumption. The clearest statistical expressions of excessive consumption, in both the private and public sector, are the maintenance of the deficit on current accounts at a level which cannot be supported, the relatively low ratio of investments, the AEP [Gross National Product] and the negative saving in the public sector."

Rallis is the only politician from the opposition who has the courage to repeat to the people this truth which is stated in the reports of all the international organizations, whether they are called OECD or IMF or EEC, which are the only ones supporting the Greek economy. The former prime minister said in his interview last Tuesday: "The policy of frugality is, unfortunately, one of the necessary prerequisites for us to get out of the morass and the strikes intensify the vicious circle."

Politically, this viewpoint, if it filters into the line of the liberal opposition, will give it clearly superior positions in the struggle to gain power. First, because it will show that PASOK sets the extravagance, corruption and scandals of the nomenclature against the frugality it imposes on the people. Second, if the liberal faction gains the power tomorrow, it will have the ease to govern without distractions and the people will give it the credit of time which is needed to bring the economy out of the crisis. If, on the contrary, power is acquired with a policy which is nothing more than an anachronistic variation of PASOK's promises, it is mathematically certain that ND will not be able to govern. In a few months, the public will overthrow it and the political life will slide into dangerous paths.

This is why economic factors have already hastened, since 22 May, to forecast that the least that will be achieved with the presentation of Rallis' opinions is that, by necessity, PASOK and ND will be forced from now on to speak to the people about the country's real problems and thus the fanaticism which extorts the Greek people with false and divisive predicaments will fall. And certain people who today fawn upon the so-called "base," telling it lies, that if they come to power they will restore the genuine ATA [Automatic Cost of Living Readjustment] and will ensure better prices to the farmers, and, at the same time, will increase investments and reduce state deficits, will be forced to articulate some more convincing political talk. Of course, Mitsotakis is not swept away in such populist statements, and, with a political courage which

honors him, does not hesitate to say, "in the dilemma unemployment or inflation, I say yes to unemployment." However, ND's entire propagandistic machine remains populist, undermining right now its future power. And unfortunately, not only the voice of the leader but also the "analyses" and daily propaganda of the machine reach the base.

The Democratic Faction

Third, Rallis' presentation of the idea of a great democratic faction under Kon. Karamanlis is absolutely connected to the magnitude and seriousness of the problems faced by the country today. Forgetting for a moment the threats on national issues, it is certain that the most urgent economic problems are unable to be dealt with by a one-party government, no matter how much parliamentary strength it may have. At least, all the economic factors in Greece and abroad believe this.

What party, for example, will be so strong that it can solve by itself the problem of social insurance and can save the IKA [Social Insurance Foundation] and the NAT [Seamen's Retirement Fund] from bankruptcy? There is no magic solution which will eliminate, any moment, deficits on the order of 300 billion. It is impossible for us to promise an increase in pensions or improvement in medical care without saying where we will find the resources.

In Greece, we have the highest tax rates in all of Europe and, at the same time, the lowest per-capita return on taxable income. For the very simple reason that everyone except wage-earners (and they are beginning to now) evade taxes! Without a wider political accord and social support, is it possible for the wage-earners to be relieved and for the celebrated small and medium-size businessmen (who all the politicians fawn upon), the farmers, doctors, etc. to pay more taxes?

Beyond the indisputable extravagance of the nomenclature, reducing the deficits in the public sector is connected with some form of frugality in wages, with shifting workers from one work sector to another and, above all, with more, and more productive, labor. Labor is the basis and the prerequisite for all prosperity. Today, however, the parties fawn upon all the supernumeraries in the public services and tomorrow notes will be presented to the new government for redemption.

Where PASOK has brought the country, only a prescription for a cure exists! What Rallis advised to ND on the eve of the 1985 elections is that "we should avoid imitating PASOK with stale promises and offers of future favors and instead we should tell the people the whole truth. We should tell them that the country is on the edge of the abyss, that the policy of frugality, where we have come, is an unavoidable necessity and that only a unanimous, collective, arduous and lengthy effort would be able to return the country to the road of recovery."

At any rate, it should be explained here that, when we talk about frugality, this does not mean that the workers' standard of living will fall. Anything but! But its rise will be supported on increased production, greater productivity, and not, as happened in PASOK's first years, because increases are given which have no support anywhere! Frugality does not mean offerings which have no guarantee, it means a greater gift, a rise in productivity.

COMPLETE RESULTS OF POLL ON PARTIES, POLITICIANS' POPULARITY

Athens AKROPOLIS in Greek 7 Jun 87 pp 1, 5

[Text] This poll was taken between 22 and 31 May 87 from a sample of 600 persons residing in the Athens-Piraeus suburbs and selected with the "quotas" method by sex, age, area and voting district so as to be representative of all categories of the population. This method, exclusively used in Greece by EURODIM, ensures the best possible representation of the sample.

The people want Karamanlis and, what is more important, at least half of the PASOK followers also prefer him according to a recent poll which AKROPOLIS today publishes exclusively. One more remarkable element is that the popularity of the former president of the Republic has increased within a few months compared to his popularity of last November. Today, 58 percent of those asked want Karamanlis. Of these, 44 percent represent PASOK followers. In polls taken last November and last March, Karamanlis was preferred by 54 and 56 percent, respectively.

He is followed in popularity by Papandreou, Sartzetakis, Stefanopoulos, Evert, Kyrkos, Mitsotakis, Florakis, Rallis and Averof in that order. The poll also shows the following interesting data:

--PASOK's popular appeal has decreased to 28 percent compared to 46 percent it received in the June 1985 elections. By contrast, ND's appeal reached 35 percent and that of KKE 14 percent. The other parties follow at a considerable distance.

--Of those questioned, 62 percent are not satisfied with the way the democratic system functions today, while 37 percent are satisfied.

--Of those asked about the government's efficiency, 50 percent answered negatively and 39 percent positively.

--Also, 58 percent said that the work of the government after the 1985 elections has been negative while 32 percent consider it positive.

--Only 19 percent would like PASOK to stay in power for many more years while 35 percent want it to remain until the end of its 4-year term and 28 percent do not want a PASOK government for more than 1 or 2 years.

--Of those questioned, 48 percent said they are not content with Sartzetakis, while 41 percent have an opposite opinion.

--There are similar feelings about Papandreou since 57 percent are not pleased with him, while 40 percent appear satisfied.

--The pro-Western and European orientation of the Greek people is also reflected in the answers on the question of our relations with the U.S., countries of Western and Eastern Europe, and Third World countries. Thus, 49 percent want improvement in Greek-American relations, 28 percent said it depends on the attitude of the U.S., and 7 percent want them to remain as they are.

At the same time 46 percent want closer relations with Western Europe, 15 percent with Balkan states, 11 percent with Eastern Europe, and slightly over 3 percent want closer relations with Third World countries.

--On the dissolution of the Chamber of Deputies [Vouli], 61 percent responded negatively, while 31 percent said they want it dissolved and new elections held.

--On the question who is more suitable for the ND leadership, 41 percent of those asked chose Evert, and 28 percent Mitsotakis, while a sizeable percentage did not answer.

--Also, 71 percent are not satisfied with Mitsotakis as leader of the major opposition party, while 22 percent have a positive opinion.

--On the way the government handled the recent Greek-Turkish crisis, 36 percent consider the handling correct, 31 percent hold parallel views, 16 percent are little satisfied, and 13 percent are not at all satisfied.

--For the crisis, 38 percent consider Turkey responsible, 14 percent consider Turkey more responsible, 13 percent blame both countries, and only 4 percent consider Greece more responsible.

TABLE 1

If elections were held today for a new Vouli,
for which party would you vote?

	EPEN [*] %	ND %	DI.ANA [*] %	PASOK %	ELAR [*] %	KKE-Int. %	KKE %	ESOK [*] %	Undecided %
Total	1	35	2.5	28	2.5	1.5	14	0.5	15
1985 Vote									
ND	1	86	6	1	0	1	1	0	4
PASOK	0	5	0	64	2	1	3	1	25
KKE-Int. ^{1/}	0	0	0	0	19	31	0	0	50
KKE	0	2	0	3	0	0	89	0	5

1. Because of the small number of KKE-Int. voters the percentage is simply illustrative.

* EPEN - National Political Union; DI.ANA - Democratic Renewal; ELAR - Greek Left; ESOK - Greek Socialist Party (Left leaning).

TABLE 2

From your life as it is today, you are satisfied:

	Much or Enough %	Little or Not at All %
Total	62	38
1985 Vote		
ND	71	29
PASOK	64	36
KKE	46	64

Being optimists, Greeks do not complain much about their life, as this table shows.

TABLE 3

The way the democratic system functions you are satisfied:

	Much or Enough %	Little or Not at All %	No Answer %
Total	39	62	1
1985 Vote			
ND	19	81	0
PASOK	58	43	1
KKE	18	82	0

Once more most of the people are not satisfied the way the democratic system functions in Greece.

TABLE 4

The PASOK government's work during the
1981-87 years in your opinion is:

	Rather Negative %	Rather Positive %	No Answer %
Total	39	50	11
1985 Vote			
ND	6	85	9
PASOK	73	20	7
KKE	34	58	8

Most of those asked gave a negative vote for the work of today's government.

TABLE 5

The work of the PASOK government formed
after the 1985 elections is from then until now:

	Rather Negative %	Rather Positive %	No Answer %
Total	32	58	10
1985 Vote			
ND	6	88	8
PASOK	66	28	6
KKE	21	71	8

The negative opinion on the work of the 2-year government is very definite.

TABLE 6

In your opinion will PASOK remain in power?

	For many years to come %	Until 1989 %	1 or 2 years at most %	No Answer %
Total	19	35	28	18
1985 Vote				
ND	2	29	54	15
PASOK	43	34	13	10
KKE	19	49	18	14

Most of those asked do not believe PASOK will remain in power.

TABLE 7

With Sartzetakis, the president of the Republic,
you are satisfied:

	Much or Enough %	Little or Not at All %	No Answer %
Total	41	48	11
1985 Vote			
ND	18	74	10
PASOK	64	30	6
KKE	42	52	6

The assessment for Sartzetakis is comparatively unfavorable.

TABLE 8

Have you been satisfied with
Premier Papandreou up until now?

	Much or Enough %	Little or Not at All %	No Answer %
Total	40	57	3
1985 Vote			
ND	8	90	2
pasok	77	22	1
KKE	31	69	0

Most of those asked are not satisfied with Papandreou.

TABLE 9

POPULARITY OF POLITICIANS
(Is your opinion of each one very good or fairly good?)

	Sartzetakis	Karamanlis	Papandreou	Mitsotakis	Florakis	Rallis	Kyrkos	Averof	Stefanopoulos	Evert
	%	%	%	%	%	%	%	%	%	%
Total	43	58	48	30	30	28	38	28	42	40
1985 Vote										
ND	21	88	18	71	10	32	33	59	57	79
PASOK	70	44	85	4	31	32	42	12	36	18
KKE	40	75	42	3	88	8	26	6	23	9

Karamanlis' popularity is indisputable.

TABLE 10

Do you think Greek-American relations should:

	Improve gradually %	Stay as now %	Depend on U.S. attitude toward Greece %	Break off completely %	No answer %
Total	49	7	28	12	4
1985 Vote					
ND	78	4	16	1	1
PASOK	36	9	38	15	2
KKE	20	2	35	40	3

Even many PASOK followers want an improvement in Greek-American relations.

TABLE 11

Are you satisfied with the way the government
handled the [Aegean] tensions?

	Very much %	Sufficiently %	Slightly %	Not at all %	No answer %
Total	31	36	16	13	4
1985 Vote					
ND	5	26	32	30	7
PASOK	61	31	4	3	1
KKE	28	48	15	6	3

Most of those questioned expressed satisfaction with the way the government handled the issue.

TABLE 12

Two months ago there was tension between Greece
and Turkey. In your opinion, the nation
responsible for this tension was:

	Only Turkey %	Turkey more; Greece less %	Both countries equally %	Greece more; Turkey less %	Only Greece %	Others %	No answer %
Total	38	14	13	4	2	23	6
1985 Vote							
ND	34	14	25	10	5	5	7
PASOK	43	12	4	1	1	34	5
KKE	23	11	6	2	0	57	1

Naturally, no one believes Greece is responsible for tension in Athens-Ankara relations. And most believe Turkey is responsible.

TABLE 13

In your opinion Greece must have
closer relations with the countries of:

	Western Europe %	Mediterranean %	Balkans %	Eastern Europe %	Third World %	No Answer %
Total	46	11	15	9	3	16
1985 Vote						
ND	80	6	4	2	2	6
PASOK	32	14	23	10	4	17
KKE	5	8	18	32	5	32

The orientation of most respondents, even among PASOK followers, is pro-Western and European.

TABLE 14

Today do you think that Vouli

	Should be dissolved and elections held? %	Should continue until 1989? %	No answer %
Total	31	61	8
1985 Vote			
ND	58	27	5
PASOK	8	89	3
KKE	17	77	6

The ND and PASOK followers differ about holding elections soon. Most ND followers want Vouli dissolved. Most PASOK followers want the government to complete its present term.

TABLE 15

Between Mitsotakis and Evert who is
more suitable for the ND leadership?

	Mitsotakis %	Evert %	No answer %
Total	28	41	31
1985 Vote			
ND	56	36	8
PASOK	11	48	41
KKE	17	42	41

Views of ND and PASOK followers are divided as to who is better to lead
the major opposition party.

TABLE 16

With Mitsotakis as leader of the major
opposition party, are you until now:

	Very much or fairly satisfied %	Little or not at all satisfied %	No answer %
Total	22	71	7
1985 Vote			
ND	58	37	5
PASOK	2	95	3
KKE	0	97	3

More PASOK and fewer ND followers are dissatisfied with Mitsotakis as
leader of the major opposition party.

7520
CSO: 3521/147

DETAILS, COMMENTARY ON FORMATION OF PALSSON GOVERNMENT

Palsson Comments On Goals

Reykjavik MORGUNBLADID in Icelandic 8 Jul 87 pp22-23

[Article by Agnes Bragadottir: "Independence Party Ministerial List: Mathiesen Announced Conflict If He Would Not Become Minister"]

[Text] The political future of Independence Party Chairman Thorsteinn Palsson, who is taking over the office of prime minister today, seems more uncertain than ever before after Matthias A. Mathiesen, departing foreign minister, convinced Palsson to make a proposal to get him a ministerial seat, contrary to what the chairman had in mind. Mathiesen will be minister of communications in the government that is taking office today. This is considered by many people an indication of the chairman's weak position within the Independence Party that he did not have the power to replace all the party's old ministers, as he had announced he intended to do. Also, this decision makes it more difficult for Palsson with regard to relations with other departing ministers as it was believed that the ministers, Ragnhildur Helgadóttir, Sverrir Hermannsson and Matthias Bjarnason, would accept leaving the ministerial seats on the condition that all departing ministers would give up their seats except the party chairman himself.

The ministers of the Independence Party in the government that takes office today are: Thorsteinn Palsson, prime minister; Fridrik Sophusson, minister of industries; Birgir Isleifur Gunnarsson, minister of education and Matthias A. Mathiesen, minister of communications.

It is interesting at this time to call to mind how the selection of the ministers took place within the parliamentary group of the Independence Party in 1974 and 1983. Both times the vote within the parliamentary group was by ballot. In 1974, when the party had 25 parliamentarians, Geir Hallgrímsson and Matthias Bjarnason received 22 votes each; Matthias A. Mathiesen received 17 votes and Gunnar Thoroddsen 16 votes. In 1983, 15 of the party's members of parliament received votes in the ministerial election. Geir Hallgrímsson received the greatest number of votes, 19; Albert Guðmundsson received 14 votes; Matthias A. Mathiesen received 13 votes; Matthias Bjarnason received 12 votes; Sverrir Hermannsson received 12 votes and Ragnhildur Helgadóttir received 11 votes. Other parliamentarians who received votes in this election

were Eyjolfur Konrad Jonsson, Petur Sigurdsson, Larus Jonsson, Birgir Isleifur Gunnarsson, Thorsteinn Palsson, Fridrik Sophusson, Fridjon Thordarson, Ellert Schram and Thorvaldur Gardar Kristjansson. They received from three to nine votes each.

Chairman's Proposal Approved by 15 Votes, Two Abstained

At a meeting of the parliamentary group of the Independence Party which began at 3 p.m. yesterday and lasted for three quarters of an hour, the procedure for the selection of ministers was, however, that Independence Party Chairman Thorsteinn Palsson submitted a proposal stating that his fellow ministers in the government would be Fridrik Sophusson, minister of industry; Birgir Isleifur Gunnarsson, minister of education and Matthias A. Mathiesen, minister of communications. After some debates, the motion was called to a vote by raising hands. The chairman's proposal was approved with 15 votes and two abstained; Throvaldur Gardar Kristjansson was absent due to illness. The women in the parliamentary group of the Independence Party declared their dissatisfaction that no woman received a ministerial seat. Ragnhildur Helgadóttir discussed this opinion and was supported by Salome Thorkelsdóttir and Thorunn Gestsdóttir, chairman of the Federation of Independence Party Women. I have reliable sources stating that Matthias Bjarnason and Egill Jonsson abstained in the voting. Egill Jonsson is said to have been quite outspoken when he heard the ministerial list and to have said that the men who were to take over the ministries Sverrir Hermannsson has been minister of, i.e., the Ministry of Education and Ministry of Industries, were below him in caliber. He even went so far as to say that this selection of ministers was one of the worst possible dowry to give away to a new government. The regional parliamentarians, such as Palmi Jonsson, Fridjon Thordarson and Eggert Haukdal, agreed with that view that the share of the regions was unacceptable. Matthias Bjarnason only said that he had not yet recovered from this proposal and then abstained during the voting.

"We Had Problems"

Thorsteinn Palsson told reporters after the parliamentary group meeting yesterday when he and Olafur G. Einarsson [group chairman] introduced the conclusions of the meeting that great debates had taken place at the meeting about the selection of ministers. "We had problems. We have many factors to evaluate, and when the choice is from a group of many qualified people for only four seats, it is, of course, not possible to make a proposal the way one would have preferred," said Palsson, but he did not want to elaborate further on how he would have preferred to make the proposal. He said that he hoped this group would work well together and would prove to be cooperative.

Palsson was asked whether his words last winter could not have been interpreted such that he intended to replace all the old ministers of the Independence Party. Now he had proposed Matthias A. Mathiesen as a minister. What did change:

"I mentioned in a newspaper interview that I would bring forth representatives of the new generation in a government we would be members of, and that is what happened here today," said Palsson. He was then asked whether, in his opinion, Mathiesen was a representative of the new generation: "He is one of the four ministers of the Independence Party," was Palsson's answer.

Mathiesen Firm in Not Losing a Ministerial Seat

Mathiesen is said to have reacted severely when he heard that Palsson did not intend to make him a minister. He has said that it is impossible to bypass the first parliamentarian for the next to the largest constituency, Reykjanes constituency. It is next to impossible for the Independence Party to become a member of the government without the party having a minister from the Reykjanes constituency, and he, as the first parliamentarian for the constituency and the main leader of the party in the constituency and with 8 years experience as minister, was almost an automatic choice for a ministerial post.

It is quite obvious that many parliamentarians of the Independence Party have looked longingly at the ministerial posts in the government that is taking power today. Besides Thorsteinn Palsson, the parliamentarians mentioned are Fridrik Sophusson; Birgir Isleifur Gunnarsson; Olafur G. Einarsson; Halldor Blondal; Eyjolfur Konrad Jonsson; Palmi Jonsson, as well as the old ministers, Matthias A. Mathiesen; Sverrir Hermannsson and Ragnhildur Helgadóttir. It has been known that Matthias Bjarnason is not interested in another ministerial post. When looking at the distribution of ministerial posts, rumor has it that certain points of view are used as a base of reference, such as that Reykjavik will have its own minister or ministers and that Reykjanes gets its own minister. Moreover, efforts are always made to have one minister from the party representing a constituency outside the southwestern corner. To be sure, the Independence Party in Reykjanes did not have any minister from 1965 to 1971 and no minister from the party was from outside the southwestern corner of the country during the years 1959-1965, so that the appointment of the ministers has been varied during the years.

Most People Expected That All the Old Ministers Would Be Replaced

Most people interpreted Palsson's word this winter, when he said that he would himself select the ministers and he announced a generation shift, that he intended to replace all the old ministers. Since then, people have been wondering who would become ministers in the government of Thorsteinn Palsson.

Palsson is said to have checked the situation by conducting private conversations and finding out who had the most definite support for a ministerial post. He is said to have received assurance the day before yesterday that Ragnhildur Helgadóttir and Sverrir Hermannsson would not react violently, although he would not propose them as ministers. This turned out to be true about Sverrir Hermannsson at the parliamentary group meeting yesterday, and the parliamentarians of the Independence Party commented on how very royally Hermannsson behaved at this meeting. Helgadóttir, however, was much more severe in her stand at the parliamentary group meeting yesterday.

Palsson was also interested in checking out what support Halldor Blondal had for a ministerial post within the parliamentary group. The chairman therefore checked the reaction of the parliamentarians of the Independence Party, and he came to the conclusion that although Blondal enjoyed certain support, there were other views that the parliamentarians felt were more important, i.e., that Reykjanes would get one minister. Then he was faced with deciding on the parliamentarians from the Reykjanes constituency, and in order to achieve the replacement goal, Palsson wanted to make a proposal for Olafur G. Einarsson, chairman of the party's parliamentary group, as minister.

It was at this stage that Matthias A. Mathiesen gets going in all seriousness and declares his opinion to the effect that it is out of the question that he will accept being bypassed. He is said to have told Palsson that if he [Palsson] would propose someone else, he was in fact waging a war on the Independence Party in Reykjanes.

Supporters of Olafur G. Einarsson say that they find it amazing how eagerly people seek a ministerial seat after having served in that post. They are of the opinion that Mathiesen's behaviour toward Einarsson was not royal, and they consider it to be an outright incomprehensible position to take that it is out of the question that anyone but the first parliamentarian on the list become minister. They also consider it amazing that Mathiesen who has worked with Einarsson for 16 years, and served as a minister for 8 of those years, could not turn over the ministerial post to Einarsson for one election term.

Einarsson Does Not Want a Ministerial Post Against Mathiesen's Will

Einarsson's supporters say, however, that Palsson was unable to do anything but propose Mathiesen, as he fought so hard for it. They point out that if that had not been done, the danger was definitely present that Mathiesen would become the leader of a large and dissatisfied group and that the Independence Party cannot afford such internal conflict at this time. Moreover, the unity within the Independence Party in Reykjanes is so important that it cannot be sacrificed for a personal strife between two people.

Others in the Independence Party feel that it is not unnatural to tie together representatives of the old and the new time in government. The young men have in recent years often been accused of forgetting the old Independence Party, and that it is definitely a certain security involved in not forgetting it.

Also, there are views that with Mathiesen continuing as a minister considerable difficulties will be caused for Palsson, despite the fact that the Ministry of Foreign Affairs will now be taken over by the Progressive Party and Sverrir Hermannsson will not remain a minister, although both ministries he headed during the past 4 years, Ministry of Industry and Ministry of Education, will remain with ministers from the Independence Party. It will be very difficult for Hermannsson to accept this arrangement and that his disgrace will be greater due to the fact that Mathiesen remains as a minister.

Could Weaken Palsson's Position

Parliamentarians who disagree with Mathiesen's attitude in this matter say that what they fear the most is the fact that Mathiesen was able to force through a decision to make him minister might result in considerable weakening of Palsson's position. Mathiesen bent Palsson at the time when he needed all his strength. They think that this might have unforeseeable consequences for the chairman and his position within the party, as it is a known fact that his position was weak before this incident. In fact, Mathiesen used Palsson's weak position, and that is not going to lead to anything good. Not everyone, however, is as pessimistic in these matters, but they think it will not come to light until the coming months what the power situation of the chairman will be.

On of the Independence Party leaders said to me yesterday that he considered the demand of the first parliamentarians for Reykjanes understandable. Mathiesen had done his job well when he served in his ministerial posts and that he has great experience behind him. Of course, Mathiesen is left with a great loss in his constituency, but that can also be said about others, such as Fridrik Sophusson, deputy chairman of the Independence Party.

In fact, there are mixed views on whether the party deputy chairman should serve as minister when the Independence Party is a member of the government. Palsson is, however, of the opinion that the National Congress of the Independence Party categorically expressed its desire that the deputy chairman would become minister when Sophusson was reelected in a landslide at the congress last March. This is said to be a very common opinion among Independence Party members in Reykjavik, according to what I have been told, but the opinions are said to be different among certain other parliamentarians from the Independence Party who feel that the deputy chairman should concentrate on internal party work when the chairman leads the government. Parliamentarians Eyjolfur Konrad Jonsson and Gudmundur H. Gardarsson are said to be in the forefront of the parliamentarians who hold this opinion.

One Independence Party member said yesterday that by his selection of ministers, Palsson was jeopardizing his political future. Therefore, the only way for him was to propose the men he felt would work best and most honestly with him. His proposal of Fridrik Sophusson and Birgir Isleifur Gunnarsson is based on this perspective, but that it might turn out to be difficult for Palsson and Mathiesen to work together to begin with, after Mathiesen forced his way into this government. A close associate of Palsson said yesterday that Palsson would not let this affect the cooperation; that he would try to implement as good a working atmosphere as possible. They point out that for Palsson, everything depends on the fact that the ministers of the Independence Party will create a strong and united team; therefore, he will not let it influence him how Mathiesen came to be selected in this government. It could happen, however, that Mathiesen's participation in this government will not turn out to be easy, and many Independence Party members think that he only gained a Pyrrhic victory which will not be long-lasting. The same people point out that many of the Independence Party parliamentarians and ministers elect disagree with the method Mathiesen employed to secure himself a seat in the government. He might therefore have to be prepared to be isolated both

within the parliamentary group and the government, so that during the next election term, he will not be the influential person in politics that he undeniably has been in the past years.

Secondly, people feel that Mathiesen will not be all that happy in the ministry he now will head--the Ministry of Communications. That ministry is, without a doubt, one of the least lucrative and least influential ministry and, in fact, the minister who has headed the Ministry of Communications always headed another ministry as well. It is therefore not considered a high prize for a departing foreign minister, former minister of finance and former minister of commerce to take the ministerial seat in the Ministry of Communications.

Some people say that Palsson had decided to appoint Olafur G. Einarsson a minister despite Mathiesen's demands, if he had been able to get an approval of such a proposal within the parliamentary group. But the same people also say that even if it had been possible to use power to oust Mathiesen, people must consider the consequences of that action, and that it is not unlikely that Palsson judged that a conflict with such a large and important a constituency as Reykjanes, would simply be too costly for the Independence Party. The very same people also say that the party has deplorable experience from such internal conflicts.

It can be expected that the regional parliamentarians for the Independence Party feel that they have been shortchanged now that the party's ministers have been selected. The ministers are representatives from the same constituencies the ministers were from at the beginning of the Reconstruction government. Then, as now, the first parliamentarians from Sudurland; the first parliamentarian from the Reykjanes constituency; the first parliamentarian from Reykjavik, as well as the former mayor of Reykjavik were ministers. When looking at the fact that all the ministers from the Social Democratic Party are from Reykjavik and one of the ministers from the Progressive Party is from the Reykjanes constituency, it must be stated as it is that the government does have a very definite urban aura. In fact, the Social Democratic Party members are said to be more agreeable to the arrangement that Jon Baldvin Hannibalsson and Jon Sigurdsson had exchanged ministries and Jon Baldvin Hannibalsson will become minister of finance. Regional Social Democratic Party members considered it imperative that their party chairman would head the ministry that fell in their share and had the greatest connection with regional affairs, i.e., the ministry of finance. Hannibalsson himself was said to be quite dissatisfied in taking over the Ministries of Justice, Ecclesiastic Affairs and Commerce, with a cut Ministry of Commerce at that, but he was not averted to the Social Democratic Party taking over the Ministry of Communications instead of the Ministries of Justice, Ecclesiastic Affairs and Commerce when that came up. The Social Democratic Party also considered it natural that their party chairman would head the most powerful ministry the party had, as do the party chairmen of the Independence Party and the Progressive Party.

The Outlook is Not Too Good

It is not right to be pessimistic during the first working day of the new government of Thorsteinn Palsson, but in light of how events that led to the formation of this government have developed, and in view of how the replacement of the ministerial team of the Independence Party fared, there is no reason to be too optimistic that the government will be able to enjoy many days in office.

Leading Newspaper Assesses Government

Reykjavik MORGUNBLADID in Icelandic 8 Jul 87 p 28

[Editorial: "From One Battle to the Next"]

[Text] Today, a new government will take office in Iceland. The formation of this government has taken a long time, and hopefully all the preparation work is such that the main matters of disagreement among the parties will not be an issue between them in the coming months, as it is very important that the party leaders will have peace to solve the nation's economic problem and curb increased inflation. Various other problems are waiting to be solved, such as the so-called whaling issue, not to mention the wage affairs in the fall.

There is much usable in the draft for the program policy and working program of the government of Thorsteinn Palsson, and there is no doubt that the chairman of the Independence Party has achieved as good a negotiating draft as possible in the situation, but that is of great importance in view of the fact how aggressive the leftist parties are to get to the wallet of the public. That is actually correct, namely, they view the properties of the citizens as some kind of a reserve fund for the state, and in particular the Social Democratic Party. It was therefore necessary to be quite alert and meet tax-happy leaders of the leftist parties with firmness which is in some accordance with the policy of the Independence Party. It has, to be sure, been lacking that the Independence Party has been alert in the government in this regard, but it has done better where it has been in the majority, such as in Reykjavik. Although there are various indications that the taxation issue will be approached as carefully as possible the way the situation now is in the society, it cannot be denied that some things in the aforementioned draft must arouse fear among the public, such as threats about taxation on capital and capital income, which only means that there have been discussions about levying special taxes on savings and the interest on savings, as well as shares, such as Treasury bonds which have been printed up to now with promises of their tax exemption, as well as tax exemption for savings; but the Independence Party would not be able to recoup if the party would take action against this savings method of the citizens which is almost sacred, according to the sound of the words. The state needs these funds no less than the banks and the businesses, and it is therefore idiotic to launch such a tax blitz, especially when it is known that the general wage earners, and not the few rich people, are the ones who mostly own these savings and are trying to protect and invest them, but the savings have usually disappeared in runaway inflation in the years past. But that would only follow the pattern to launch a blitz against the savings holders now when the times are fairly prosperous--

and then on the condition that these assets must be taxed in accordance with other assets!! How about easing taxes of other assets in accordance with savings!!! It is rare that politicians, not to mention officials, get such ideas. The aforementioned taxation would be more absurd due to the fact that now new property taxes or new income taxes are not projected; on the contrary, the aim is for the income tax burden for the individual to be lowered in phases; the citizens tax money will better managed, so that they will be utilized better than before; and last but not least, there is talk about selling state-owned businesses or partnership in them to the public. That might cause an increase in people's interest in their operations returns. Also, there is talk about enacting legislation on stock trading in order to ensure normal trade and interest of the public. The government has also set as its objective that foreign currency exchange will be more liberalized than before and the obligation to turn in foreign currency will be more lenient; it will then perhaps be possible to expect that Icelanders will be allowed to purchase stocks on the international market but that could attract foreign capital to the country and allow foreign corporations to pour gold into the wallet of the individuals.

Fortunately, no obligatory savings are assumed.

It should be called to mind that a proposal on taxation of interest on savings did not pass at the National Congress of the Independence Party.

Unfortunately, there is no indication that a new fisheries policy will be adopted as the quota system promotes corruption and speculations of which we have many examples. We must rid ourselves of such baggage, especially dubious sales, to say the least, of fish that has not even been caught yet. In the aforementioned draft there is, however, a provision about revision of the fisheries policy and that a new policy will be formed next year. Perhaps there is some reason to tie some hopes to this provision. This draft contains more positive ideas which we find reason to welcome without discussing them here, as the draft was published in its entirety in MORGUNBLADID yesterday for the benefit of the public.

The forming of the government took a long time; and in itself, there is reason to welcome the fact that the Independence Party dares shoulder the responsibility for the government policy with its party chairman in the prime minister seat, especially in view of the losses which the party, recently split, suffered in the elections.

But it is not the main point who carries the responsibility, rather what the policy is.

It is no secret that MORGUNBLADID feels that a strong independence policy is for the best of the nation, and it is obvious that the paper depends on the main messenger of this policy, the Independence Party, to carry it forth to victory. But experience has shown that the party sometimes is not able to pursue this Icelandic humanitarian policy as it has been introduced and announced, so there will be no speculation on how the party will fare now. But Thorsteinn Pálsson leaves harbor with good wishes from MORGUNBLADID; however, he and other ministers of the Independence Party must at the same

time know that the paper will hold a tight rein on the government and individual ministers, whatever party they belong to. The Independence Party ministers will be under special scrutiny in areas where their responsibility is the greatest to make this a successful effort. Unfortunately, the method employed in replacing the party's ministers is not a very promising beginning. Matthias Mathiesen should have yielded to a new man; he has served as a minister for 8 years. He had the opportunity to make room for a new man and show his colleagues graciousness, but he opted for the warm seat vacated by Matthias Bjarnason who accepts the chairman's decision, along with Sverrir Hermannsson and Ragnhildur Helgadóttir, to devote himself totally to legislative work and take a rest from the executive power, and they have all shown realism in this position, especially in view of the fact that they have done many good things during their ministerial tenures, although some of their actions are controversial but that is to be expected. But the continued presence of Matthias A. Mathiesen in a ministerial post does not give the government of Thorsteinn Pálsson the fresh appearance it otherwise would have had. Also, Halldor Asgrímsson should have taken a rest from the Ministry of Fisheries and perhaps take the Ministry of Commerce; Jon Helgason should have made room for a new and untired man. That would also have given the government a fresher appearance and a stronger starting point.

Unfortunately, there are quite a few signs of weariness on the government of Thorsteinn Pálsson. They weaken the confidence already in the beginning. But, hopefully, all will go well; there is always the possibility of improving the telephone and communication affairs in the Reykjanes constituency; the quota in the Sudurland and the sales arrangement of fish that has not been caught off the Austfirdir.

It should be welcomed, however, that the leaders of the largest parties managed to bridge the gap between their parties; make conciliations and think more about the welfare of the nation than temporary ambition and the tricky wrestling for the prime minister's seat.

9583

CSO:3626/5

PORTUGAL

POLITICAL

ALLEGED ATTEMPT FOR ANGOLAN ESTABLISHMENT

Cuba, USSR's Game Played

Lisbon O DIABO in Portuguese 2 Jun 87 p 20

[Text] Unable to impose itself on Gibraltar (whose inhabitants, by and large, do not wish to be Spanish) and faced with a loss of sovereignty in Ceuta and Melilla, the Spanish Socialist government is attempting to replace Portugal everywhere the latter is a presence, namely in Angola.

In collusion with the Muscovite satellite government, the Spanish Socialist government is thus, in addition to its own game, playing the game of Havana and the Kremlin, specifically when, among the various dealings, it is proposed to replace the Portuguese language with Castilian. Among other things, this is one way of helping to perpetuate the Soviet-Cuban imperialism in Angola and to establish Spanish neocolonialism in our former overseas province.

Here again, without a peep from Portugal.

Agreement With Angola Denied

Lisbon TEMPO in Portuguese 29 May-4 Jun 87 p 56

[Text] The Spanish ambassador in Lisbon has informed this newspaper that no accord has been established between Madrid and the Luanda government under the terms prominently reported in some Portuguese newspapers last weekend.

According to Ambassador Ferran de Alfaro, based on information obtained yesterday morning from the Spanish Foreign Ministry, there is only a project under study there for possible cooperation with the Angolan Government, to enable 40 students from that African country to attend sailing-fishing and education courses in Spanish institutions and to provide technical support for the installation of a system of teaching by radio, which would involve specialized training for Angolan teachers.

Bilateral cooperation programs in the area of civil engineering and maritime trade are also under study.

According to the diplomat, the authorities in the autonomous region of the Canary Islands are particularly interested in this interchange with Angola.

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CSO: 3542/105

POLL REVEALS SOARES' POPULARITY HIGH IN PSD

Lisbon EXPRESSO in Portuguese 30 May 87 pp 1, 24

[Excerpt] For the first time, the president of the republic has a more popular image among PSD [Social Democratic Party] voters (85 percent) than among the Socialist voters of the party which he led (80 percent); this month he also registered the highest popularity rating (65 percent) since the beginning of his mandate, as revealed in one of the regular surveys of the EXPRESSO/Euroexpansao panel, conducted in the first 15 days of this month.

The decision to dissolve the parliament and call for early elections thus seems to have bolstered the political credit of Mario Soares, when it might have been expected that it would have noticeably affected his image with the parties that supported his election in February 1986.

The fact is that, if, predictably, the popularity of Mario Soares grew substantially among the supporters of the parties of Cavaco Silva (up 16 points) and of Adriano Moreira (up 13 points, now standing at 77 percent), the negative impact of the dissolution of the Assembly was quite limited among the voters of the forces on the Left: in the PS [Socialist Party], the president even gained 3 points; the unfavorable opinions went up only 6 points in the PRD [Democratic Renewal Party] and 17 points in the former APU [United People's Alliance].

On balance, the swing is clearly favorable to Mario Soares. The assessment of his actions as "good" or "very good" has now "peaked" at 65 percent, following the resolution of the political crisis, whereas, in April, the figure was 61 percent and in March it was only 57 percent. On the other hand, those who categorize his performance as "poor" or "very poor" are basically from the former APU (25 percent) and the PRD (6 percent).

Thus, Mario Soares has won a new and respectable evaluation of his "performance" in the presidency. He survived his most controversial political decision and the most difficult political crisis since he entered Belem and has come out of it with even stronger popularity. This fact takes in another, no less important, aspect, however: the political image of Mario Soares has been undergoing a new centering in the party spectrum; his popularity rating is highest in the PSD (85 percent), followed, in descending order, by the PS (80 percent), CDS [Social Democratic Center Party] (77 percent), PRD (55 percent) and the former APU (39 percent). It is a new positioning which, oddly enough, largely resembles the order which defines the image of Cavaco Silva.

POLL RESULTS ON SELF-EXPRESSED POLITICAL OPINIONS

Lisbon EXPRESSO in Portuguese 27 Jun 87 p 33-R

[Text] It has been said and repeated: The electorate in the center is the one that causes elections to be won and lost. It is their vote that has been shifted between PSD [Social Democratic Party] and PS [Socialist Party] since 1985, with PRD [Democratic Renewal Party] appearing in the same waters. Their vote was decisive in Mario Soares' victory, as it was before in Soares Carneiro's defeat, and in Eanes' second election.

It is no surprise that this should happen: Most Portuguese voters stand in the center, describing themselves as left of center or right of center. A recent poll of the EXPRESSO-Euroexpansao panel even disclosed that 53 percent of its members regard themselves as being of the center, with a slight advantage for those who identify themselves as left of center, numbering 28 percent. Overall, the left still has more adherents than the right (50 percent compared with 43 percent); but it is particularly significant that, in each of these large families, most members of the panel tend to reach the center. On the other hand, there are but few who feel attracted by the extremes: only 2.6 percent of the panel members admitted being of the far right, and a similar number admitted being of the far left.

It is also odd to analyze the way in which the voters of each party categorize themselves (vote in the 1985 legislative elections) in relation to the left, center and right.

For example, we find that the three parties which usually cause the scale indicator to swing to one side or the other (PSD, PS, and PRD) have between 56 and 66 percent of voters positioned in the center. The most "centrist" would be the Socialist Party (54 percent left of center, 12 percent right of center); which is precisely what has surfaced in their election results.

PRD's electoral structure (and remember that we are referring to the 1985 vote) is very similar to that of the Socialists, although its voters are slightly more inclined toward the left. This result confirms the analysis that the Renewal group's voter come mainly from PS.

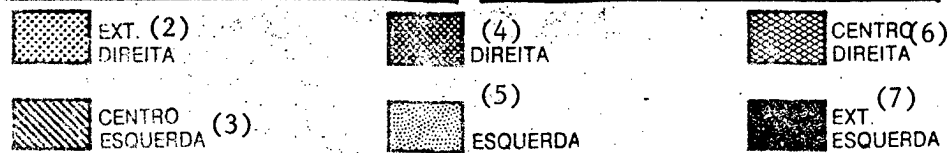
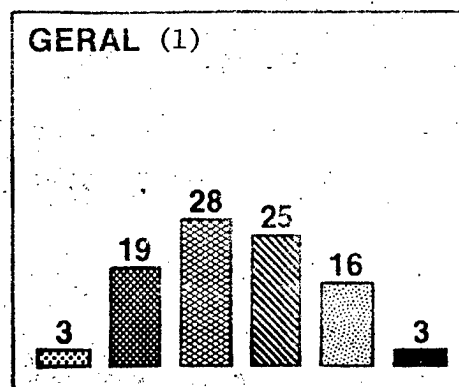
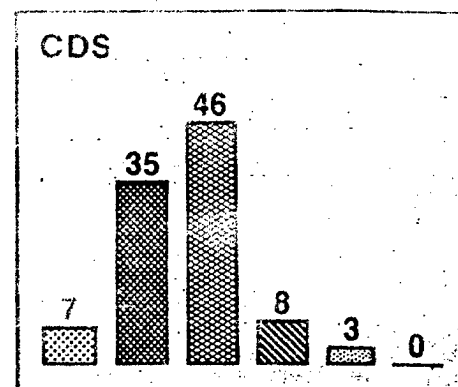
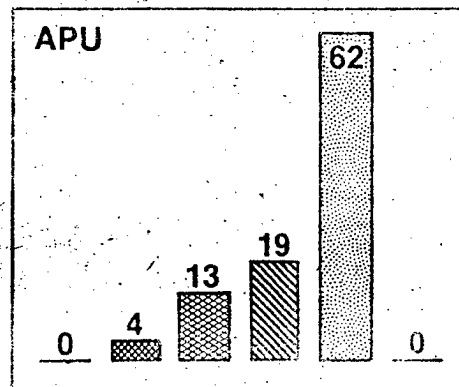
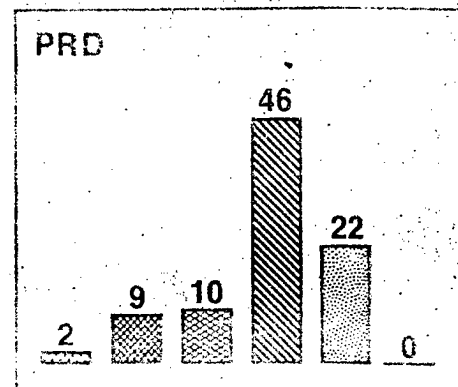
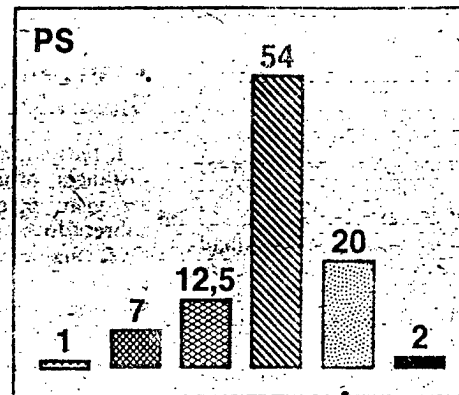
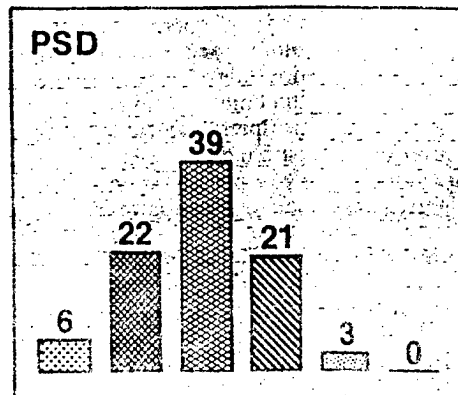
However, we should note that the Social Democrats' electoral structure is virtually symmetrical with those of PS and PRD: a few right of center, and

and voters distributed from left to far right. This party's scale is also the least "sharp," that is, the PSD voters are distributed more homogeneously between left of center and right. In CDS [Social Democratic Center Party] itself, we find it a little more marked in right of center than in PSD.

It is also interesting to note that the Christian Democrats still prefer to declare themselves as being of the center, still clinging to the "centrist" image that the party's founders attempted to create.

On the other hand, the APU [United People's Alliance] voters, perhaps the most politicized, are the ones who describe themselves most clearly: 62 percent claimed to be of the left.

The position of the panel members who abstained in 1985 attests to the notion that then the abstention affected the right more than the left: 50 percent claimed to be of the right, as opposed to 41 percent who said that they were of the left. Strangely enough, it is among the abstentionists that the percentage of those positioned in the center is lower: 16 percent for left of center, and 24 percent for right of center. The latter result indicates that, in addition to winning the central vote, there is another battle on which the 19 July results could also depend: capturing the abstentionists, who are less "centrist" than the average electorate, and only go to the polls at times of very high stakes.



Key to Graphs:

1. General
2. Far right
3. Left of center
4. Right
5. Left
6. Right of center
7. Far left

PRIME MINISTER CARLSSON ON EC TIES, INDUSTRY POLICY, AID

Paris LE NOUVEL ECONOMISTE in French 22 May 87 p 62

[Interview with Prime Minister Ingvar Carlsson by Louis Wiznitzer; date and place not given; first paragraph is LE NOUVEL ECONOMISTE introduction]

[Text] One year after succeeding Olof Palme, Swedish Prime Minister Ingvar Carlsson, 52, has not belied his reputation as a pragmatic and discreet politician. But that does not prevent him from toning down some aspects of his predecessor's flamboyant social democracy, as he explains here in this exclusive interview.

LE NOUVEL ECONOMISTE: Are you in the process of watering down the wine of social democracy?

Ingvar Carlsson: There has been talk of a slide toward liberalism, of some distancing of ourselves from the welfare state, and of a loss of steam on the part of the Swedish model. The answer on all three points is the same: no. This year, Sweden's "third way" will enable us to do better than the EEC, with 3-percent inflation, 2.2-percent unemployment, 2-percent growth, a deficit reduced to 3 percent of GNP (compared to 14 percent 5 years ago), and a trade surplus of half a billion francs. Those figures are eloquent. That being said, we are endeavoring to trim the public sector and encourage the private sector, since only the latter can continue to satisfy a growing demand for jobs. We are doing so chiefly through tax relief that has already been put into effect. We are also trying to decentralize the welfare state and make it more flexible so that it can provide the same services as before but at lower cost.

[Question] The EEC's economic integration will be complete in 1992. Sweden's currency will continue to follow an independent course. Will Sweden be able to accommodate itself to that situation?

[Answer] I think so. We already cooperate fully with the EEC in every area except defense and foreign affairs. I feel that it takes us seriously as a reliable and effective partner, and that includes the field of advanced technology. We are also getting our domestic market ready for that 1992 deadline. We will not be left behind.

[Question] Swedish firms (Volvo, Ericsson, Electrolux, and so on) are doing very well abroad. To what do they owe that?

[Answer] First of all, to the 14-percent devaluation of the krona, which has made them more competitive. Another reason is the investment effort, which exists at the university level as well as in the firms and which totaled 2.7 percent of GNP in 1986. Lastly, the limitations of the domestic market have compelled those firms to seek markets abroad and to adapt to the demands of the international market. Sweden has more robots per capita than the United States and Japan.

[Question] Now that Olof Palme is dead, will you continue to pursue an active Third-World policy as part of your foreign policy?

[Answer] We devote 1 percent of our GNP to aid to the Third World (and we are considering going beyond that). Of that amount, 43 percent goes to the Front Line countries (Angola, Mozambique, Zimbabwe, Tanzania, Zambia, and Botswana). We have decreed an embargo against South Africa. We are continuing our dialogue with Nicaragua. We still provide Vietnam with aid, and we may continue it beyond 1990 if Vietnam brings its troops home from Cambodia. The "five continent initiative" (Sweden, Tanzania, India, Mexico, and Argentina) on behalf of nuclear disarmament, which was launched by Olof Palme, is continuing: its members will hold a summit meeting in Stockholm in January 1988. Sweden has sent a contingent to replace the French, who have pulled out of UNIFIL [UN Interim Force in Lebanon]. As you see, there is no question of pulling back or adopting a low profile on the international stage.

[Question] That being said, you are going to visit Washington in September. No Swedish prime minister has made an official visit to the U.S. capital for 31 years.

[Answer] That is true. But it is also true that I have already visited Beijing and Moscow and been host to Kohl, Honecker, Chadli, and Kadar.

[Question] What do you think of Mikhail Gorbachev's disarmament proposals?

[Answer] I agree with Hans Dietrich Genscher in feeling that we must take him at his word and with Helmut Schmidt in thinking that the zero option is a step in the right direction, one that will make it possible to reduce East-West tensions. Gorbachev no doubt has good reasons for wanting to reduce military spending and devote more resources to the civilian sector. The fact that his proposals may serve the long-term interests of his own country does not automatically mean that they run counter to the interests of the West. The establishment of a denuclearized zone running through Central Europe from Scandinavia to the Alps would not be distasteful to us. Of course, we are also hoping for a ban on chemical weapons and a balanced reduction in conventional forces on both sides.

[Question] It has been said that the Swedes are disappointed with the welfare state--that they want the state to interfere less in their everyday life.

[Answer] The vast majority of Swedes support the welfare state and the benefits it provides them. But we are looking for new formulas and methods that are more flexible and better adapted to local circumstances.

INDUSTRIALIZATION IMPACT ON U.S., USSR RELATIONS

Istanbul TERCUMAN in Turkish, 21 Apr 87 p 9

[Article by Yilmaz Oztuna]

[Text] Among the 50 or so Islamic countries Turkey is the most industrialized. It may be that 4 Islamic countries -- Saudi Arabia, Iran, Indonesia, Nigeria -- have GNP's that exceed ours but that is due to the oil factor. Today, our exports of industrial products constitute over 2/3 of the total, approaching 4/5. No other Islamic country has anything close to that. From the viewpoint of social structure Turkey is the most advanced Muslim country. Our position is even better when we consider the structure of our state and our armed forces. And finally Turkey is the only Islamic country experimenting with democracy.

A country like this can be considered as being at the threshold of industrialization, in the contemporary sense. Though it is obvious that regarding high technology we are behind the West, there are means to close that gap. Therefore, at a certain time in the future there will be an 'industrial explosion' in Turkey, like in Korea and Taiwan. No one could claim that our material and moral resources fall short of that of Korea and Taiwan.

An explosion of this kind is inevitable. And, indeed, it was about to happen a few years ago. But 'forces of evil' did whatever they could to set our students, workers, politicians, public employees, and our people against each other. Right to the brink of civil war...

It serves the interests of very few countries should Turkey become industrialized in a Western sense. But such sentiments on their part does not really count in the end. It cannot obstruct Turkey. The ones who are capable of obstruction, or delay, are the superpowers.

It is hardly necessary to talk about Russia's historical designs on Turkey. Everybody knows that. Turkey is a major hurdle standing in the way of Russia's domination of the world. But they cannot bring down the Turkish 'dike'. Turkey is a member of NATO.

But Russia does not have any particular interest in stemming Turkey's industrialization. An industrialized Turkey is not going to be a threat to Russia nor is it going to offer any competition. In fact, it would suit Moscow's design better to have an industrialized Anatolia if the Turkish 'dike' were to collapse.

America, on the other hand, does not think like that. It is of the opinion that a developed Turkey with its economic problems overcome would have more bargaining power. Of course it doesn't want to see Turkey collapse. It wants to see Turkish army remain intact within parameters set by the United States. What it wants to see is a pliant Turkey.

The United States is worried that a powerful Turkey may furnish the wrong example for other Islamic countries. It knows that Turkey has already gone through certain stages of industrialization. It also knows that if oil were discovered in Anatolia Turkey would channel that wealth into industrialization and won't remain content with the present status of other oil-producing countries.

The United States and Western Europe are worried that Ankara might attain a status enabling it to present the bill for services rendered within NATO. The present understanding seems to be this: As a NATO member Turkey is expected to defend the oilfields vital to Europe and the West but not to show undue haste in joining the EEC! That's what is demanded of Turkey. And the Southern Anatolia Project (GAP) is not looked upon with favor in the West either.

Therefore, neither America nor Russia extend a helping hand in finding oil in Anatolia. Now that we have declared the GAP and joining the EEC as targets essential for our well-being (and that is quite so) we have to be extremely vigilant against the anticipated treachery to delay them.

12466
CSO: 3554/246

FUNDAMENTALIST-COMMUNIST COOPERATION EXPLORED

Istanbul TERCUMAN in Turkish 6 Apr 87 p 8

[Text] General Secretary of Turkish Communist Party (TCP) Haydar Kutlu (Yasar Nabi Yagci), talking to Turhan Aytul of GUNES, says that they were ready "to cooperate with the rational groups within the Islamic movement." Journalist Aytul, meanwhile, says the TCP leader had not specified who the 'rational groups' were:

Kutlu wants to see organizations like FIDEF, which is close to him, cooperate with the 'Milli Gorus' (National Viewpoint) people, indicating that they are interested in collaboration with 'Erbakancilar' (Erbakan followers) in Turkey.

Responding to Aytul's questions on that issue TCP leader says:

We cannot accept attempts by Islamic movements to penetrate into Turkey. They are talking about exporting the Islamic revolution. We subscribe to the following principle: Revolution cannot be exported. Every country has to realize its own revolution within a particular set of circumstances. There are various kinds of movements in Turkey. It is said Khomeyni is behind these, offering support and/or provocation. I don't know these very well. But whatever the facts, these things are not proper. But Islamic movements in Turkey offer a good perspective for viewing the problems that exist. We want these problems to be resolved in a democratic fashion.

In Islamic circles, some criticize Turkey's relations with the United States. It is not right to lump all Islamic groups together and say they all want the sharia reinstated or that they all follow the policies of Khomeyni. It is not right for two reasons. Firstly, it is not true. Secondly, it is not helpful to Turkey's national interests. An historical synthesis is called for in Turkey. The Islamic movement have to be subjected to a reassessment. That reassessment is taking place all over the world. We naturally support secularism, but we have to explain it fully to everyone. Secularism does not mean doing without religion. We support the notion of establishing

links with 'rational' Islamic circles. We can see possibilities for conducting joint struggles towards common objectives.

These thoughts occur to us as persons responding to the same set of problems within the bounds of the Republic of Turkey. We have no relations with Khomeyni or any other circle for that matter. We are also aware of the Saudi meddling -- e.g. the 'Rabita' affair. We have to turn the focus in that direction. That is where the real danger lies. These are the circles backing fanatical religious movements. And, naturally, behind all this is the United States.

12466

CSO: 3554/241

CONSTITUTIONALIST SEEKS CAUSES OF CONSTITUTIONAL WOES

Istanbul MILLIYET in Turkish 21 Apr 87 p 2

[Commentary by Mumtaz Soysal]

[Text] Last weekend, an interesting meeting took place in Cheshme, Izmir. A few American historians and legal scholars got together with some Turkish teachers and practitioners of law to discuss the American Constitution. This year marks the 200th anniversary of that constitution. Quite a feat... For a constitution to stand on its feet for 200 years something not to be ignored.

Of course, every constitution has to live within conditions of the country of its birth, and is geared to solving problems of that particular milieu. Looking from that perspective, lessons to be derived from the American constitutional experience are limited. But there may be certain lessons that relate to the making and fundamental character of that constitution. Particularly for countries like Turkey which are in the habit of changing their constitutions every so often, having caught the disease of trying to resolve issues by constitutional means.

The first lesson concerns making of the Constitution. The American Constitution has initially been a document reconciling the interests of 13 states which had just won their independence from Britain: North vs. South, big states vs. small states, merchants vs. farmers, industrialists vs. slaveowners. From this compromise has arisen not only federalism, the two houses of Congress, but also a rather unusual set of rules and regulations treating the blacks not as full persons but something like three-fifths of a person.

But it is also true to say that the durability of the U.S. Constitution is the product of that compromise. This shows that

in the making of constitutions when you involve everyone in the process, something like establishing a 'social contract', instead of grabbing the state and imposing a hastily made constitution on the rest of society, constitutions become long-lived and more durable.

The second lesson concerns what constitutions are and what they are not. When a constitution is made as if it were a party programme, comprehensive and specific, it produces arguments and conflicts. The unfortunate thing about the 1961 Constitution was that for its implementation it had to depend on governments which didn't subscribe to the economic and social programme it contained. The 1982 Constitution is also replete with clauses which are certainly not very popular with some of the parties. Whereas the American Constitution is one which confines itself to principal organs of the state and their functioning, with a few amendments at the end relating to fundamental rights. That probably explains why there hasn't been that much contention about it.

The third lesson has to do with the length of constitutions. The American Constitution is a short one, like our 1924 Constitution. Whatever needs to be said is brief and to the point. It doesn't attempt to cover every eventuality. Recent Turkish constitutions had a tendency to put rules and regulations for every conceivable set of circumstances, and getting paralyzed whenever unforeseen contingencies arise. A striking instance of this are the rules in the 1982 Constitution relating to deputy transfers among political parties. The bad thing about it is this: In the end such failures and incompetence erode the very concept of a constitution and the respect accorded to it.

Even if we don't like their system and policies, the lessons afforded by America with regard to constitutionalism are lessons which call for contemplation and drawing the appropriate conclusions for ourselves.

12466
CSO: 3554/246

NORDICS PARTICIPATE IN CONFERENCE ON BALTIC SECURITY ISSUES

Helsinki HUFVUDSTADSBLADET in Swedish 10 May 87 p 7

[Article by Ann-Gerd Steinby]

[Text] Mariehamn--The Baltic Sea: sea of peace or sea of anger? That is one of the big questions that first began to be discussed seriously in the 1980's. In the background lies the growing military activity which has been noted in the Baltic since the late 1970's. Baltic Sea issues are currently being discussed as one aspect of security policy in the Nordic region at a high-level conference of researchers in Mariehamn. And even though Aland's demilitarized status does not enter directly into the theme of the conference, it is obvious that Aland is affected.

"From the Finnish standpoint, Aland's demilitarized status is a very essential matter," said Finnish-born researcher Tomas Ries of the NUPI (Norwegian Institute of International Affairs) in Oslo.

On the one hand, a kind of demilitarized zone has been established in Aland, and that may help reduce tension. But at the same time, that makes it a military vacuum which must be filled in a crisis situation. And in such a situation, the worst thing would be for two sides to fight over it.

Ries emphasizes: "I absolutely do not want to change Aland's status. But I feel that one should be aware of the risks."

More Unsettled

There are many signs that military activity in the Baltic Sea has increased over the past few years. Ries points to what he prefers to call the submarine incidents along the Swedish coast and to NATO activity in the form of reconnaissance flights over international waters in the Baltic, which have been occurring regularly since the 1970's. Researchers have also observed that the Soviet Union's interest in the southern Baltic has increased, and it is known that the Soviet Union is testing modern submarines in the Baltic Sea.

There has been much speculation concerning the reasons for that increased military activity in the Baltic. Many different possible reasons have been

suggested. The conviction in Swedish military circles is that a foreign power is preparing to attack Sweden in the event of a war.

"It would then be a question of taking over Sweden so quickly that NATO would not be able to intervene in time," says Colonel Bo Hugemark, head of the Military History Department at the Armed Forces Staff College in Stockholm.

Frightening

He notes that it is difficult for people in Sweden to believe this--to accept it. According to Hugemark, the evidence exists. Scandinavia would be an important area in the event of a war between East and West, especially as a base for operations in the Atlantic and in Central Europe.

"Of course, a major war is not particularly likely. Personally, I hope that we can continue to live in peace and freedom. But if there is war between the big powers, there is a good chance that we will be drawn into it," Hugemark emphasizes.

Even though it is only a matter of theories, the issues being discussed by the researchers in Mariehamn are frightening ones.

Tomas Ries' personal opinion is that the big powers began raising the nuclear threshold back in the 1970's and that they are doing so especially now, in the 1980's. In the 1960's, they were threatening each other with nuclear weapons. That was awkward, since it meant a threat of total annihilation.

Now, according to Ries, things are moving in the other direction. The risk of a certain level of warfare without nuclear weapons is increasing.

"That is frightening, since it makes a conventional war conceivable again," he points out.

A lot of this concerns new and sophisticated military technology. The big powers have increased their conventional striking power.

Peace Institute

From the standpoint of Nordic security, therefore, the Baltic Sea is of extreme interest. In a crisis situation, the Baltic will be an important transportation link for one side, meaning that the other side will have to move into the Baltic to knock out transportation.

The conference on security policy in the Baltic Sea area that is now being held in Mariehamn is the first of its kind. It is being sponsored by TAPRI (Tampere Peace Research Institute), the Finnish Institute of International Affairs, and NORDSAM (the Nordic Cooperation Committee on International Politics, which includes conflict and peace research).

TAPRI researcher Pertti Joenniemi confirms that "the conference has been arranged against the background of the problems in the Baltic Sea."

He is making a specific proposal: let the planned peace institute on Aland take over peace research concerned with the Baltic Sea. Let the institute work to strengthen cooperation among the countries on the Baltic, work for peaceful development, and try to thwart a militarization of the sea.

"These are topical problems. No institute has specialized in those issues. It would be a positive move in view of both Finnish and Nordic security policy. And also as far as activity at the United Nations is concerned," says Joenniemi.

In the Nordic region, there are currently seven institutes that concern themselves with peace and conflict research.

"More and more weapons, including nuclear weapons, are now shipborne. With its historical, cultural, and economic background, Aland should have a special interest in working for peaceful development at sea," says Pertti Joenniemi.

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CSO: 3650/155

ADMIRAL DESCRIBES BENEFITS FOR INDUSTRY FROM DEFENSE ORDERS

Copenhagen BERLINGSKE TIDENDE in Danish 3 Jul 87 p 12

[Op Ed Article by Rear-Admiral I.B. Rodholm: "Importance Of Defense For Industry"]

[Text] If one can judge the situation by the present debate in the press, many politicians of the left wing in Denmark think that defense is a luxury that can be dispensed with without disadvantages. This attitude is certainly opposed by the other side, which holds that if the Danish nation did not have the three military branches at its disposal, it would be necessary to sacrifice billions to establish and run operations such as defusing bombs, fishing inspection, sea rescue service, etc., which are now provided as by-products of the existing defense organization. But little is said of another side of the effect of defense, namely its significance for Danish industry.

This is understandable, since the phenomenon is of quite recent date. Until about 25 years ago there were certainly some Danish ships built for the Navy in Danish shipyards, and now and then material of different types was bought in Denmark for all the branches, but the acquisitions were scattered and not numerous. The change came about when in the course of the 1960's it was decided that not only should defense in the future plan materiel acquisitions over a period of several years, but it should also set aside a definite yearly amount for the defense budgets to cover investment expenses.

With this a long-range, efficient acquisition procedure was made possible. When it was clear that the purchase of defense materiel would take place at a steady rate in the future, and that large amounts were involved each year, the thought arose that Danish industry should take part in the production of the equipment to be acquired, to save money and to facilitate technical accomplishments. As a result, the defense purchasing authorities began to request production from Danish firms, or as a minimum, compensatory purchases in Denmark in the case of materiel acquisitions from abroad, and the Ministry of Trade was drawn in as an expert in the industrial area.

As the number of cooperative projects grew, the participating firms received more and more complex orders, and there was more production and independent development instead of the collection of prefabricated parts. Thus there has been Danish participation in the development of a so-called third generation

antiaircraft missile system, which is about to be used in foreign fleets (the Danish Navy has not yet had need for it), and another Danish company has sold a large number of practice missiles to the American Air Force. The equipment was developed by the Air Material Command of the Danish Air Force, and the U.S. did not find anything comparable.

The development has speeded up a lot in the course of the past five to ten years, and the present level of Danish industry is revealed, among other places, in the references found in professional journals. Thus Danish firms in 1986 took part in the production of aircraft materiel in Farnborough in England, and another Danish firm just a few months ago produced advanced electronic materiel in Thailand. NATO is said to be interested in a protective suit developed in Denmark against nuclear, biological, and chemical warfare, and the Danish modernization of the Army's M 41 tank has been much discussed (which perhaps may interest other countries that have similar problems).

But the greatest interest in recent times has been shown in the Navy's "Stanflex 300" project. It is distinguished partially by the use of a new construction material for the hull, and partially by being constructed according to a module concept. The idea is that weapons and other equipment are built in a sort of container that can easily be shifted in a few hours, thus allowing a single ship to carry out several different tasks, which, according to the principles applying up to now, would have required a vessel for each task. But the most epoch-making quality in the new type of ship has not received much discussion in the Danish press. On the other hand, a full-page advertisement in a professional journal recently reported that the Danish and Swedish fleets would soon be the most advanced in the world because of the integrated computer system that will be installed in the above-mentioned Danish ships and in some new Swedish ones. To be sure, the main supplier is a Swedish firm, but a Danish company is taking part in the development of the system, which, according to the weekly journal in question, is possibly the world's largest project of this type. It is not too much to say that "Stanflex 300" is being followed with great interest in many countries.

On the other hand, political interference in defense plans stopped another project that certainly would also have awakened interest abroad. The press reported that the Defense Command originally had thought of using the module principle for the vessels that are to replace the fleet's four obsolete inspection ships, but that a majority in the Folketing preferred a conventional building method. With this, they certainly destroyed the possibilities of exporting similar ships or the ideas behind them. But it is worse that interference by the left wing in Danish politics has made it impossible for defense to rapidly adapt the vessels to the situation that will arise if war breaks out.

In the Social Democratic debate position on the modernization of the defense forces, inspection ships must be used for supervision, and in the performance of this duty these units will come on the firing line the day hostilities begin, since an attacker obviously will seek to destroy our ability to follow developments. The ships will be almost defenseless, and this means that the Navy will be placed in the same situation the Army was in before 9 April 1940 when it was not allowed to have its forces in North Schleswig dig in to reduce

the risk of defeat. It is easy for politicians who are far from reality to make a prohibition that can be catastrophic for others!

There can be no doubt that Danish industry, among other things, thanks to orders from defense, has attained a high technical level in various areas. But more progress can be made if the opportunities are really seized. In its publication, "Danish Defense Forces in Development," the government favors a gradual increase in defense budgets by 800 million kroner a year, and of this, probably about 500 million will go to the acquisition of materiel.

Since the defense forces today have very large shortages, the increase will soon be used up. There is talk of improving the Army's air defense and of solving the problems of the obsolete, worn out "Centurion" tanks, while the Navy needs many more ships than the now approved "Stanflex" units, and it must also have its air defense improved. The Air Force will soon have to replace the "Drake" aircraft, and in all branches there is a lack of modern ammunition and a need for improvement of their materiel for electronic warfare and normal signal services.

In NATO's jointly financed infrastructure program, moreover, there will be various projects in the so-called "Air Command and Control System" (ACCS), which certainly will prove to be the world's largest electronic program. All these acquisitions will directly benefit Danish industry, thanks to the method that was later developed for the achievement of co-production or compensatory purchases in Denmark for defense acquisitions abroad.

In other words, the proposed increase in materiel budgets will have the effect of a shot in the arm for Danish industry. It will not only create many jobs, but it will also contribute to the increase of technical competence in a way that is perhaps the most rapid and direct to be found.

A company director who took part in the F-16 program told me a few years ago that his company had been forced to go through ten years of normal development in the course of two years. Similar progress can happen again if the state creates the opportunities for it, and this should be remembered when the defense budget is negotiated, considering the situation Denmark is about to enter into. The fact that the defense forces benefit from the improvements that will take place should not deter the appropriating authorities.

9124

CSO: 3613/109

ECUREUILS TO FORM FIRST COMBAT HELICOPTER UNIT

French Helicopters To Army

Copenhagen BERLINGSKE TIDENDE in Danish 20 June 87 p 7

[Article by Nils Eric Boesgaard: "French Helicopters To Army"]

[Text] Provisionally, 12 French Ecureuil helicopters, which are considered to be the most advanced the Defense Command's experts have ever seen, are being acquired. At the same time, the French are offering the best payment agreements.

It will be the French who will deliver 12 combat helicopters at a value of 415 million kroner to the Army.

The choice stood open until the last moment between the West German Bolkow Blom B-105 and the French Ecureuil AS 350 L, but the French helicopter is more up to date, and the French could promise the best payment agreements, BERLINGSKE TIDENDE has learned.

The recommendation from the Defense Command is now on Defense Minister Hans Engell's desk, because he is the one who must make the final decision, but it seems to be settled that he will choose the French helicopter.

"The new helicopters will be assigned to a combat helicopter company stationed at Vandel Air Base at Billund," the chief of the Army Air Service, Lieutenant Colonel Ebbe Gotfredsen, said. He himself has not yet been told which type of helicopter he will receive.

"We think we will be able to begin special training of pilots and crews for the combat helicopters by the end of 1989 or the beginning of 1990," the colonel added, who also thinks that an essential part of helicopter training can take place here at home, instead of in the U.S. as before.

The Ecureuil helicopters are a further development of the Alouette helicopters, which are well known in the Danish defense forces.

The Defense Department has already ordered a number of Helitow missile units for the new helicopters. They are designed to fire American Tow antitank

missiles, which already are being assigned to the more earthbound Tank Corps. It was shown to be very effective in the war in the Middle East.

During the battles in Lebanon in June 1982, Israeli combat helicopters fired 132 missiles, of which 99 hit the target. This is a hit certainty of 72 percent.

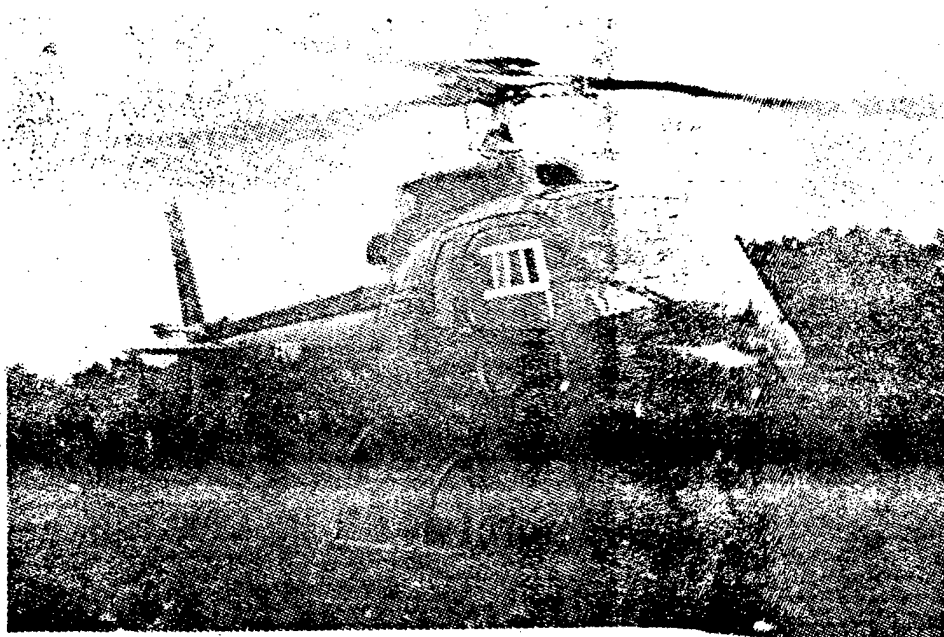


Figure 1. The Ecureuil helicopter is 11 meters long and has a cruising speed of 232 kilometers an hour. The normal crew is two-man. There are also two two-person passenger seats. Besides the Helitow missile system, there can, among other things be mounted a 20 mm cannon and a light machine gun.

Details On Capabilities

Copenhagen BERLINGSKE TIDENDE in Danish 25 Jun 87 p 6

[Article by Nils Eric Boesgaard: "Fast as a Squirrel"]

[Text] The French weapons industry presents the newest combat helicopter at the weapons exhibition in Satory in Versailles.

"It is as nimble as a squirrel, therefore the name," a representative of the French aircraft factory, Aerospatiale, said as he presented the Ecureuil AS 350L combat helicopter at the French Defense Ministry's large weapons exhibition in Satory in Versailles.

This is the one that Defense Minister Hans Engell, on the recommendation of the Defense Command, has decided to buy for the new flying antitank corps, which will be established in connection with the Army Air Service.

The Defense Department is still keeping quiet about the new aircraft's capabilities until the decision to buy the 12 planned combat helicopters is official. But the French agents are not so reluctant: "The squirrel is a fantastically effective weapon, which has great maneuverability and power, is unbeatably nimble, something that is necessary for a combat helicopter that must be able to pop down into forest paths, hide in ravines, and lie in wait for enemy tanks around the street corner."

The 12 helicopters will cost all together 415 million kroner. This is about 35 million kroner each, or just a third of what one pays for an F-16 aircraft.

Forsvarets nye spydspids

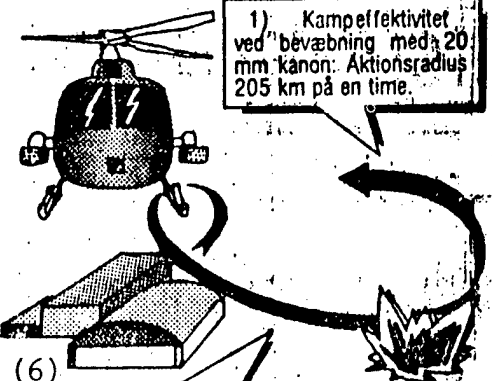
(2) Den danske hærs nye kamphelikopter Ecureuil AS 350 L1 er forsynet med en Turbomeca Ariel 1D motor, der giver den en operationshastighed på 245 km/t og en marchhastighed på 225 km/t. Operationsdistancen er ved 2000 kilos vægt 620 kilometer.

Den er forberedt til en række forskellige militære opgaver:

- Instrumentbrættet er forberedt til installation af kampflyvnings-elektronik.
- De hølryggede pilotsæder kan pansres.
- Brændstoftanken er selvforsørgende.
- Landingslyset er indstilleligt.
- Landingsstellet har stor frigang.
- Kroppen er forberedt for installation af 20 mm kanon og missil-aggregater.

Skydedøre giver hurtig ud- og indstigning

(3) **Kamphelikopterens effektivitet ved panserbekæmpelse (4)**



1) Kamp effektivitet ved bevægning med 20 mm kanon. Aktionsradius 205 km på en time.

(6) 3) Kamp effektivitet ved bevægning med missiler. Aktionsradius 200 kilometer på en time.

(5) 2) Kamp effektivitet ved bevægning med 20 mm kanon og missiler. Den danske hær har valgt TOV-missiler. Aktionsradius 160 km på en time.

Godt beskyttet (7)

Den nye helikopter er gjort vanskelig at opspore for fjendtlig radar, bl.a. ved brug af kunststoffer. Et slankt omrids, lavt støjniveau og maling der afviser infrarøde stråler.

Ecureuil AS 350 er forsynet med skudsikre hoved- og hale rotorblade, ligesom besætningen ved hjælp af pansrede sæder er sikret mod 7.62 projektiler.

OPERATIONSRADIUS (8)

Det flade danske land giver helikopteren maksimal operationsradius 550 km med 5 fuldt udrustede soldater om bord

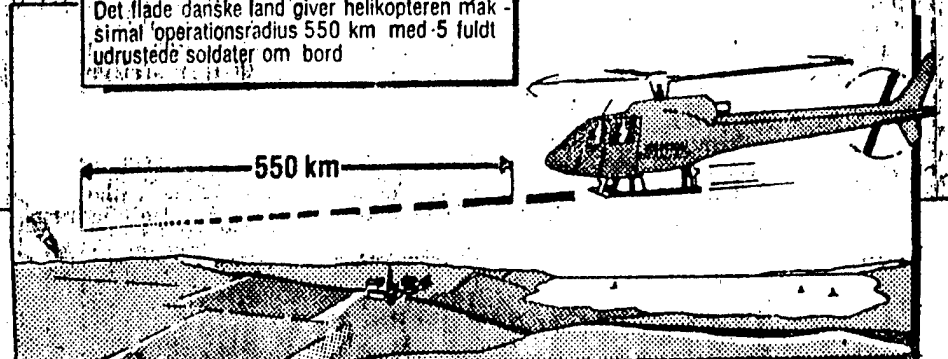


Figure 1: Since the Danish defense forces are not exactly wallowing in money for new acquisitions, the selection of new weapons systems is extremely important. They must absolutely be the best for the money, like, for example, the F-16 aircraft and the Standard Flex ships that are under construction. Therefore the French Ecureuil helicopter can presumably perform as expected. The drøst is explained in the illustration worked out by Rie Jerichow.

Key:

1. Defense's New Spearhead
2. The Danish Army's new combat helicopter Ecureuil AS 350 L1 is equipped with a Turbomeca Ariel 1D motor, which gives an operating speed of 245 km/h and a march speed of 225 km/h. Its operational range at 2,000 kilograms weight is 620 kilometers. It is capable of performing several military tasks: the instrument panel is ready for the installation of combat flying electronics, the high-backed pilot seats can be armored, the gas tanks are self-sealing, the landing lights are installed, the landing gear has a large gangway, and the fuselage is ready for the installation of 20 mm cannon and missile units. The sliding doors provide for rapid entry and exit.
3. Effectiveness of the Combat Helicopter in Combatting Tanks
4. Combat effectiveness with armament of 20 mm cannon: action radius 205 kilometers an hour.
5. Combat effectiveness with armament of 20 mm cannon and missiles. The Danish Army has chosen TOW missiles. Action radius 160 kilometers an hour.
6. Combat effectiveness with missile armament: Action radius 200 kilometers an hour.
7. Well Protected: The new helicopter has been made difficult for enemy radar to detect, among other things through the use of plastics, a thin profile, low noise level, and paint that repels infra-red rays. The Ecureuil AS 350 is equipped with bullet-proof main and tail rotary blades, just as the crew with the help of armored seats is protected against 7.62 projectiles.
8. Operational Radius: The flat Danish countryside gives the helicopter a maximum operational radius of 550 kilometers with five fully equipped soldiers on board.

Contract Benefitting Domestic Industry

Copenhagen BERLINGSKE TIDENDE in Danish 2 Jul 87 Sect III p 6

[Article by Nils Eric Boesgaard: "Helicopters Create Work For Industry"]

[Text] The French have promised the Danish high-tech industry orders amounting to 200 million kroner in connection with the Army's purchase of 12 combat helicopters. It is necessary for the European defense industry to cooperate, Defense Minister Hans Engell said.

Danish industry can expect almost 100 percent in compensation purchases in connection with the French aircraft factory Aerospatiale's sale of combat helicopters to the Army, according to a spokesman for the Ministry of Industry, Lars Bjørn Larsen.

The Defense Ministry has just approved the Defense Command's recommendation on the acquisition of 12 Ecureuil 350 L1 helicopters, which are specially designed to combat enemy tanks.

In the end the competition was between Aerospatiale and the German firm, Bolkow Blom. "Both had offered full compensation, and it must therefore have been the military need that became decisive," the spokesman for the Ministry of Industry said.

"The exact amount of the purchase cannot be revealed because of the compensation contracts, which have still not been agreed upon," Lars Bjorn Larsen said. Nor does he wish to say which firms are in the picture.

The whole purchase amounts to about 415 kroner for the aircraft, weapons systems, and back-up in the form of new installations for helicopters at Vandel Air Base and the newly formed antitank helicopter company under the Army Air Service. But the defense forces will pay about 200 million kroner for the helicopters themselves, while the rest of the money will be used for the purchase of among other things, HeliTow missile units from Saab Scania in Sweden. This weapons system is intended to fire wire-guided American antitank missiles of the TOW type, which is already used by the Army's antitank service mounted on armored personnel carriers.

"The only thing one can reveal at the present about the compensatory purchases is that it will have to do with high technology and that there is not necessarily talk of components for helicopter production," Larsen added.

Cooperation Necessary

The decision on the purchase of French helicopters for the defense forces was made at a time when more than ever there is need for European countries to purchase expensive war materials from each other instead of each one for itself trying to develop its own national weapons systems, Defense Minister Hans Engell said, who has just been in Spain for a meeting of the European NATO organization, the Independent European Program Group (IEPG).

"The need for a collected European effort in the area of defense materials is greater than ever," the defense minister said.

"Apace with the efforts to form common European standpoints, it is also becoming to an ever greater extent decisive that the European defense industry cooperate and enter into common projects, both in development and in production, if we are to prevent in the years to come the small European countries from being reduced to being subcontractors, naturally first of all in relation to the U.S.," Engell added.

"We must recognize that the difficulties are quite significant. It cannot be denied that some countries will have to give up jobs and change their industry if such cooperation is to have any meaning.

"This is difficult for countries that traditionally through many years have had a significant weapons industry. It is a difficult process, which has been

taking place for several years, but now it seems to have better prospects.

"The development may have great significance for us. Therefore we will also carefully follow it so that our industry will not lose competitive ability in this area," the defense minister added.

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CSO: 3613/109

BRIEFS

COASTAL PATROL BOAT FOR BORDER GUARD--(FNB)--The Border Guard received its first heavy coastal patrol boat on Monday. The boat is fitted with, among other things, equipment which makes it possible to localize submarines and which can operate even in emergency situations. After changing hands in Rauma, the patrol boat Kiisla proceeded to the Gulf of Finland to help the Border Guard in the latter's patrol and rescue missions. It was originally intended that the Hollming Shipyard would deliver the coastal patrol boat to the Border Guard at the start of this year. But the bad ice conditions this past winter made it impossible to complete the planned sea trials. The heavy coastal patrol boat is about 43 meters long and weighs approximately 270 metric tons. Its engines develop about 6,500 horsepower and can reach a speed of over 25 knots. The hull is aluminum. Mining adviser Reino Salo, chairman of the board of the Hollming Corporation, delivered the boat at sea off Rauma. The boat was accepted by the head of the Border Guard establishment, Lieutenant General Ilmari Kirjavainen. Along with light coastal patrol boats of the Locki class, the heavy coastal patrol boat will replace boats of the Koskelo class, which will gradually be taken out of service. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 26 May 87 p 9] 11798

CSO: 3650/155

ITALY

MILITARY

NEW DEFENSE MINISTER ON ROLE OF ARMED FORCES

Rome IL POPOLO in Italian 11 Jun 87 p 3

[Article by Fabrizio Summonte: "Armed Forces in Service of Society"; first paragraph is IL POPOLO introduction.]

[Text] To make access to work easier after military service period. The 1988 finance bill will also tackle the problem of annual pensions. New increases for military personnel in the next contract. Measures initiated for professional profiles of personnel.

Rome--Armed forces ever more committed to service to the national community: ecology, care of the environment and the artistic heritage, planning and control activity in the meteorological and hydrological fields, and in earthquake detection; firefighting service, combat of pollution, and measures in the civil protection field. A draft military service oriented toward inculcating a civil consciousness in the youth, and at the end of which there will be real assistance in search for a job. New guidelines for the careers of military personnel, combined with a policy of economic equalization in relation to other categories. A solution to the problem of annual pensions, with a legislative provision included in the next finance bill.

The desk of Defense Minister Remo Gaspari is already overflowing with maps, plans and draft bills. After a difficult year in which the attention of public opinion was first directed to conditions of draft soldiers, and then to the protest by the "cadres," dissatisfied with their economic treatment, defense policy requires a new planning initiative.

There are many ideas and measures in preparation, but they are motivated by one philosophy: strengthening the role of the armed forces in peacetime by finally creating an organic system ("certainty of rights," said Minister Gaspari) for the activities, whose scope is often undervalued, in which the Army, Air Force, Navy and Carabinieri play a leading role in service of society.

In this interview, we asked Minister Gaspari to review the sectors in which the government and the new parliament plan to take action.

[Question] What are you doing to improve the economic conditions of the defense employees?

[Answer] In the new bill to be studied by the new parliament we have recognized the main requests put forward by the general staffs and by the military representative organizations (COCER), also taking into account all the activity in connection with the parliamentary defense committee of the Chamber. In effect, we have revised, with improvement, the latest bill approved by the committee.

We have not thereby resolved the issue of military pay, but it should be said that the problem of public salaries in Italy cannot be solved overnight. A single contracting session is not enough to cancel out 10 years of homogenization. As I have stated and written during my responsibility as minister of public administration, the operation to revise public salaries, which has a chain reaction also in the private sector, can come about only within the arc of many contracts. And this applies also to the military, whose next contract is imminent (effective 1 January 1988), along with others.

In the meanwhile, however, there has been a steady increase in pay involving an additional allocation in the public sector, including military police branches, of 3 to 3.5 trillion. This development will continue in the next contract, and I hope that the progress of the economic situation (salary increase is linked to the state's major revenue categories) will enable a rapid adjustment of salaries.

[Question] Along with the pay issue, there is the one of personnel policy. How are you going to tackle the request for incentives and professional status?

[Answer] The first objective is to implement the most recent laws. For example, the delegated provision that makes objective the criteria for promotion within the armed forces, a matter which till now had been up to the subjective evaluation of the promotion commission.

In regard to civilian employees of the Ministry of Defense, a very important measure is currently being prepared, the one on professional profiles, which has been awaiting approval for 7 years. It was one of my first commitments to quickly obtain the agreement of the colleagues in Treasury and Public Administration so that the measure could be initiated.

[Question] Yet, what do you intend to do for the draft soldiers?

[Answer] Above all, to implement the Spadolini law, which introduces positive innovations. Meanwhile, I have signed the first annual measure to update pay on the basis of increase in cost of living. We are still in the low range of figures, but there has been some movement.

However, what I maintain should be confronted and untied quickly is the "knot" of penalization in access to jobs that military service in fact involves. The individual who responds to the draft call interrupts studies or an often insecure work activity, loses a precious year in seeking an occupation, and when he returns home finds himself at a disadvantage compared to someone who evaded the draft obligation. I believe that this is a serious injustice. I maintain that we should reverse this situation by a measure that can be implemented quickly: the period spent in service of the homeland must become a

factor that facilitates, and no longer be an obstacle for youth in access to a job, be it public or private.

[Question] You have also recently stressed the necessity to develop the instructional value of military service by promoting a better relationship with the civilian society.

[Answer] Not only that. The Defense Ministry's current initiative is to permanently commit the military apparatus to provide to the national community those rare or particularly expensive services that it needs. The armed forces are already doing this. What is lacking is the certainty of the right: a coherent legislative and normative framework; and organized division of tasks among the various armed forces. Within the next few days we will sign at the cabinet office a series of agreements with the ministers of environment, civil defense, and the other ministers who might be involved from time to time.

We want it to be known how much the armed forces are already doing in various fields, from ecology to Alpine rescue, from firefighting to protection of the sea and the natural, artistic and archaeological inheritance of our country; and from research to civil protection. This is a task often performed in the absence of definite rules, and to which we intend to give a rule and a certainty. In the context of this social function of the armed forces in peacetime, the contribution of the draft contingent assumes greater importance. The armed forces are already conducting, for example, with project Aquarius, awareness activities at the national level on aspects of protection of the environment. I believe that this informational and educational function must be developed, particularly in regard to draft personnel.

[Question] The issue of annual pensions is one of the most publicized. How do you think the government should rule in this connection?

[Answer] That is a question that brings me back to my responsibilities as minister of public administration. At the beginning of this year, there was a specific announcement by the government. For state officials, having defined the salaries that they had received provisionally since 1979, I was able to insert the pertinent provision into the draft bill for military personnel, for whom coverage was planned in the 1987 finance law. Thus, these well-deserving personnel of the state will have what they merit.

[Question] And the others, those who retired before 1979?

[Answer] For these the status was already established at the time of retirement. We are thus in the specific context of annual pensions. In this area, I was the author of Law 141, whose final bracket of increases goes into effect in a month. When I presented and gained approval of this law, I made clear that it was only an initial measure, which should be followed by a second. Specifically, according to the commitments, we were going to establish a committee that would prepare a second draft bill for those receiving annual pensions, coordinating it with the treasury minister. The coverage of this second measure was planned for the 1988 budget year. To my knowledge, my successor in the office of public administration, Minister Paladin, did establish the committee, including--as I had suggested--a

military person specialized in this field. To my knowledge also, the state general accounting office has projected the related coverage in the draft finance bill that it is preparing. Thus, we are proceeding by stages--as is necessary in such a delicate matter--but we are proceeding, to resolve a situation that I do not hesitate to describe as distressing.

[Question] What can you tell us about this "saga" of the Persian Gulf, and the supposed request for American aid, which has aroused those among us nostalgic for a "gunboat policy"?

[Answer] As defense minister, I can say that the United States has never asked for Italy's direct or indirect intervention in the Persian Gulf. And I can say that I have recently participated in international meetings in Luxembourg, Norway and Brussels, where I had a long talk with U.S. Defense Secretary Weinberger. The United States, in fact, has continued to recognize the onerous task it is undertaking in the Persian Gulf, from which the entire West benefits. However, there have been no requests for involvement (on the other hand, only the Italian press has received such requests, in this election period). Instead, there was a call to all the European countries to assume their own responsibilities in NATO at this difficult time.

[Question] The negotiations on reduction of nuclear weapons have made positive progress, thanks in part to our country's position.

[Answer] The Italian Government has conducted a wise policy in the context of negotiations on reduction of the most dangerous nuclear weapon: medium-range missiles. Italy was in favor of the "double zero" option, and was able to promote it by conducting itself with great tact and discretion. Possible lack of tact, or excessive haste, could have compromised the good relations that we must maintain with our European partners. The operation concluded favorably. Let us hope that the developments in the next few months in Geneva will confirm the optimism that rightfully exists today.

[Question] One cannot harbor the same optimism about the progress of the Vienna negotiations on conventional weapons.

[Answer] Certainly, we cannot express equal satisfaction regarding the negotiations on reduction of conventional weaponry. The arms race in this sector by the USSR and the Warsaw Pact countries is an unbalancing factor. Nevertheless, we maintain that a good outcome of the Geneva negotiations will inevitably influence the Vienna negotiations, especially if--as requested by NATO headquarters--every European country does its duty. On the other hand, not only the matter of the Euromissiles, but history itself, teaches that agreements on reduction of war potential emerge when there is a minimum of balance. Thus, we should be ready to perform our responsibility in the NATO context, and the result will be the same, an agreement for control and reduction of conventional weapons, as well as elimination of chemical weapons, a priority objective of our policy on the European and world level.

9920

CSO: 3528/131

PORTUGAL

MILITARY

COMMAND APPOINTMENTS FOR AUTONOMOUS REGIONS

Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jun 87 p 5

[Text] Starting today, the autonomous regions will have new military commands the designation of which is due to result from the early meeting of the Superior Council of National Defense, to be held in Belem under the chairmanship of Mario Soares.

The new commander in chief of the Azores will be Air Force General Pinheiro de Freitas (replacing Admiral Ramos Rosa). Appointed to the naval command is Rear Admiral Ribeiro Pacheco, who will replace Rear Admiral Pereira Leite.

Named for Madeira will be Brigadier General Sequeira Rocha, as commander in chief (combined with the military command), replacing in the post General Loureiro dos Santos, who is returning to the continent.

It should be noted that Mota Amaral, whose dispute with Rocha Vieira is well known, is participating in the meeting to name the new island commands, the list of which was approved yesterday by the Superior Military Council, chaired by Minister Leonardo Ribeiro de Almeida.

Rocha Vieira has now been promoted to general, according to the list already published by DIARIO DE NOTICIAS, also including the names of Guerreiro Ferreira, Armando Salavessa, Perry da Camara, Cabral Couto, and Aderito Figueira.

In the Air Force, the present Colonels Manuel Alvarenga, Sousa Santos, and Jose Maria Escarduca Dias have been promoted to the rank of brigadier general.

2909

CSO: 3542/107

TERMS OF U.S. BASES NEGOTIATIONS DETAILED

Madrid TIEMPO in Spanish 15-21 Jun 87 pp 30-34

[Article by Enrique Montanchez]

[Excerpts] Felipe Gonzalez is prepared to personally unblock the negotiations with the United States on the reduction of American forces in Spain. To this end he is not ruling out a meeting with Ronald Reagan in coming months. The four conditions that Spain is imposing and the five that the United States is demanding are revealed here for the first time.

It was one of Julio Feo Zarandieta's last delicate jobs before he left his office in Moncloa Palace next to Felipe Gonzalez'. It was a job with which the prime minister himself entrusted him: to prepare a postelection summit meeting with President Ronald Reagan.

Felipe Gonzalez has been obsessed for weeks with unblocking the negotiations with the Americans. The prime minister realizes that a NATO member country cannot break overnight with the main partner in the Atlantic Alliance.

German Chancellor Helmut Kohl and Dutch Prime Minister Ruud Lubbers, along with other European leaders, have conveyed the same message to Felipe Gonzalez: A negotiated settlement of the status of the U.S. bases in Spain is very necessary right now.

"We are willing to withdraw the short- and medium-range missiles that are aimed at the USSR. It would be very serious if Spain terminated its defense accords with the United States just when it is more necessary than ever to strengthen Europe with conventional forces," explain diplomatic sources at the FRG Embassy in Madrid.

Pressures

U.S. pressure, which TIEMPO already reported on in issue 261, has been compounded by pressure from the governments of the European members of NATO. Felipe Gonzalez does not want intermediaries. He is convinced that he must personally explain to Ronald Reagan that the socialist government's stand is not anti-American and that the reduction of the U.S. military presence cannot be cosmetic, as Ambassador Reginald Bartholomew would like.

Julio Feo first began sounding out the White House about the timing of a Gonzalez-Reagan meeting in mid-May. The president's secretary proposed the third week of June, to take advantage of Felipe Gonzalez' trip to Brazil on Saturday 13 June. He would fly to Washington at the close of his official visit.

Diplomatic sources at the U.S. Embassy in Madrid consider this too soon, as it is just a few days before the start of the new round of negotiations that will take place in Madrid on the 25th and 26th of this month. According to La Moncloa, the meeting between the chief executives of Spain and the United States would have to be held before October, when Juan Carlos and Sofia pay their official visit to the United States. The government's idea is that the king and queen should travel to the United States after the negotiations on the base reduction are moving ahead again and the Reagan administration's misgivings about Spain have been overcome.

The withdrawal of the 79 F-16's from Torrejon is the main issue over which the negotiations have stalled. In the words of a high-level official of the Foreign Affairs Ministry, the situation is this: "Felipe Gonzalez has set a condition from which he is not going to back down: withdrawal of the F-16's at Torrejon from Spanish soil. The Americans will agree only to transfer them to Moron or somewhere else, but still on Spanish soil. Everything else is a matter of technical adjustments, the number of troops and communications facilities that the Americans are prepared to give up."

This magazine has seen a summary of the reduction proposal that the Spanish Government submitted to the U.S. Government in June of last year, as well as the counterproposal that Washington offered through the American ambassador in Madrid, Reginald Bartholomew, during the round of negotiations last February.

The main points in Spain's proposal are the withdrawal of the F-16's from Torrejon, along with the personnel that man them, the withdrawal of the tanker aircraft from the Zaragoza base and the maintenance of the current status of the naval air base at Rota.

The Americans offered the by now well-known transfer of the F-16's to Moron and greater flexibility in the use of the bases, under a new agreement that would not have an expiration date. Spanish negotiators were tremendously shocked when they saw Ambassador Bartholomew's proposal, so much so that they exclaimed: "These guys want privileges that they didn't even have under Franco."

For appearance sake the U.S. Government is prepared to shut down or transfer to Spain communications facilities that have already lost their operational value. This is the case with the Loran-C navigational aid station at Estartit (Gerona), the tropospheric and microwave communications linking station at Soller (Majorca) and the seismology station for detecting nuclear tests and supporting the Olive Harvest U-2 air espionage operations at Sonseca (Toledo).

The negotiations on the base reductions are being handled directly by Felipe Gonzalez. "The head of the Spanish delegation, Maximo Cajal, an effective

diplomat, receives instructions directly from Felipe Gonzalez, and Francisco Fernandez Ordonez endorses them," they say at La Moncloa.

Some even say that Juan Antonio Yanez, of the famed socialist Yanez family, is more important than Spain's chief diplomat. An adviser of Felipe Gonzalez on international matters who is pursued by ambassadors in Madrid at social gatherings and cocktail parties, Yanez is the gray eminence of the negotiations with the Americans. His reports to the prime minister have acquired a reputation for being accurate and meticulous. One story is that he wrote the famous "Decalogue of Peace and Security" and that the then foreign minister, Fernando Moran, first saw it in Parliament.

Serra's Resignation

The prime minister thinks that he has enough weighty arguments to explain personally to Reagan that the defense of Europe's southern flank will not be at all weakened by a withdrawal of the F-16's from Spain.

In the view of Spain's high commands, the NATO missions of the American F-16's will be performed by the 72 F-18 fighter-bombers that will be deployed at the Torrejon and Zaragoza bases by 1990. "Thus, there will be no gap in the European defense system," a Defense Ministry spokesman told this magazine.

Everyone realizes that the talks on reducing the American presence are closely tied to the concurrent negotiations in Brussels on Spain's membership in the Atlantic Alliance. The coming months will be of key importance to the two negotiations.

Felipe Gonzalez has until November, when Spain would be forced to terminate the current bilateral agreement that expires in May 1988, to unblock the negotiations with the United States; hence the priority of his meeting with Reagan.

At the same time, at NATO Headquarters in Brussels, Spanish diplomats and military officers are negotiating some initial agreements between the commanders of the NATO military structure and the Spanish Armed Forces. The hope is that they will be signed in the summer of 1988.

Spanish Proposal (Summary of the Document Submitted by the Spanish Delegation in June 1986)

1. Torrejon Base: Withdrawal of the 79 nuclear-capacity F-16's in the 401st Squadron and of all personnel manning them.
2. Zaragoza Base: Gradual withdrawal of the five KC-135 tanker aircraft from the 34th Strategic Squadron.
3. Rota Base: Maintenance, in principle, of the current status.
4. Safeguard in the event of crisis: reactivation for U.S. use, pursuant to agreement, of the two aforementioned bases.

U.S. Proposal (Summary of the Document Submitted by the U.S. Delegation in February 1987)

5. Torrejon Base: Transfer of the 79 F-16's from the 401st Squadron to the Moron Base (Seville).

6. Consequently, maintenance of three main bases in Spain, as at present.

7. Support facilities: Closure of the 29-man Soller communications station; closure of the 20-man Estartit Loran station for long-range radio aid to navigation, and the closure of the 18-man Sonseca weather and seismographic station.

8. Broad flexibility for the performance of missions by U.S. forces.

9. Signing of a new bilateral agreement without an expiration date.

8743

CSO: 3548/93

BUDGET DEFICIT EXPECTED FOR 1987 REVISED UPWARD

Godthaab GRONLANDSPOSTEN in Danish 24 Jun 87 p 8

[Text] Greenland will end the year with a deficit of half a billion kroner. But the government expects much of the money to be repaid with interest by state-owned enterprises.

We are in the process of building up a solid deficit in the national treasury. In fact by the end of 1987 it will be half a billion kroner--500 million, in other words. Last year in connection with the passage of the regular budget the parliament of Greenland accepted the prospect that 1987 would end up with a deficit of around 200 million kroner. Now the supplementary funding bill is a reality and it has added another 371 million negative kroner to this already negative result.

The opposition is not happy about this. And Atassut [moderate, pro-Denmark party] and Issittup Partiiia people are especially unhappy about investments in KNI. Along with KTU, KNI is responsible for 171 million kroner in the supplementary budget.

Atassut and Issittup Partiiia would rather have a larger share of business life turned over to the private sector. They do not support new KNI stores in Nuuk and Paamiut nor the takeover of previously privately-operated stores in Sisimut and Maniitsoq.

"The further one goes into the supplementary funding bill the more obvious it becomes how great an economic mess we are in," said Lars Chemnitz when he took a stand on the supplementary budget on behalf of Atassut.

Originally Greenland government member Hans-Pavia Rosing presented a supplementary funding bill that added up to 366 million kroner. It was then discussed by the Economic Planning Committee and when it came back for its second discussion in parliament it had grown by around 5 million additional kroner to a total of 371.06 million kroner.

No Reason for Anxiety

The funds for the Greenland government's own enterprises must be financed through loans and Atassut called this "creating debts for our children and grandchildren."

Lars Emil Johansen and Siumut [socialist, radical home-rule party] do not agree with this assessment at all.

"We already have a borrowing policy and the results show that investments can pay off," said Lars Emil Johansen.

He said that the production and export sector's results for 1986 showed an improvement of 67 million kroner over the previous year. Trawlers improved by 6 million kroner, factories by 55 million and rural communities by 6 million kroner.

Lars Emil Johansen also referred to the solidarity with rural communities and outlying districts with respect to KNI.

"When we support the proposed funding for new stores, we do so on the basis of a conviction that these investments will improve KNI's sales and thus its earnings as well. This in turn will improve KNI's conditions for serving rural communities and outlying districts."

Big Figures

And the supplementary budget was passed. All 24 members of parliament who were presented voted for it as it had come that far.

The bill adds up to 371,062,800 kroner. It contains both cuts and extra expenditures. The big figures--more than 5 million kroner--are as follows, with housing construction in first place with a total of 91 million kroner: KNI, 90.17 million, 49.6 for factories and production facilities in cities and rural communities, 36.7 million for harbors, 31.2 million for personnel housing, 29.2 million for operating reserves, 25.9 million for business subsidies, 13.5 million for for installation tasks in connection with Q data and finally 6.6 million kroner in additional funds for rural communities and outlying districts.

6578

CSO: 3613/108

TRADE MINISTER: IMPROVEMENT IN EXPORTS TO USSR EXPECTED

Helsinki HUFVUDSTADSBLADET in Swedish 22 May 87 p 14

[Article by Patricia Winckelmann-Zilliacus]

[Text] A liberalization of exports to the Soviet Union is to be expected. That was intimated yesterday by Ilkka Suominen, minister of trade and industry, in his opening address at the Export Training Foundation's seminar on imports from the Soviet Union.

Ilkka Suominen said: "Speaking for the Finnish Government, I can say that the time has come to increase exports to the Soviet Union."

That statement must be viewed in light of the fact that the licensing board is meeting today to decide whether imports from the Soviet Union have increased to such an extent that it feels it can approve some of the innumerable license applications now waiting for the green light.

Finnish Petroleum's contract to reexport 1.5 million metric tons of crude oil is cause for some optimism concerning exports to the Soviet Union. Exports have been stagnating for several months because reexports of crude oil have not taken place as originally planned. For price reasons, Neste's business has involved the reexport of only 1.1 million metric tons of crude oil. The export quota for oil is estimated to total 3 million metric tons.

Finnish Petroleum and Teboil are the firms which market refined Soviet petroleum products both in Finland and for export. This is the first time those firms have gotten involved in reexporting crude oil.

Unlike Neste, Finnish Petroleum is reexporting only Soviet petroleum. In this case, it is assumed that the exports are going to the GDR.

New Area

"Trading in crude oil is a new area for us, and it has its risks. Our trading in crude oil should be seen as part of the process of balancing trade between Finland and the Soviet Union," says Kyosto Tiainen, head of Finnish Petroleum.

He points out that according to this year's trade agreement, Finland is supposed to import 4.5 million metric tons of refined petroleum products. Of that total, 3 million metric tons can be sold on the domestic market, and 1.5 million metric tons are supposed to be reexported.

"Reexporting refined petroleum products is extremely difficult at the moment because of poor prices. We agreed with Soyuznefte Export that in this phase, we would reexport crude oil," says Tiainen. "The crude oil involved is worth nearly 1 million markkas."

The result is that some Finnish exports to the Soviet Union may get the green light. Unofficial statements indicate that some project exports may receive priority. Five projects are currently on ice. The oldest one is the Haka construction firm's contract to build a video tape factory.

At the Finnish Association of Building Contractors, export manager Timo Myllys says it is hard to know whether the Soviet Union intends to assign priority to one or more of those projects. One method might be to issue the first licenses to the projects that have been waiting the longest. Haka has already started preparatory work so as to be able to begin construction in the early part of the summer.

Harri Hintikka, who heads the Polar firm, also believes that the projects may get the green light as time goes on. He is hoping that Polar will receive its license to build the Moscow Circus before this year is out. That may be overly optimistic, since the circus agreement was the last to be signed.

11798

CSO: 3650/155

FINANCE MINISTER ANALYZES POOR ECONOMIC SITUATION

Athens TA NEA in Greek 10 Jun 87 pp 8-9

[Article by Stathis Vlakhos: "Simitis: We Are Not Doing Well"]

[Text] Raises the working people will be given in 1988 and 1989 will not compensate for the 1986 and 1987 losses. They will be limited for two reasons:

First, the economy's development is not satisfactory. Inflation, public deficits and the balance of payments are deviating from targets of the stabilization program.

Second, the economic problems are not about to be solved, not even in 1988.

This is the unpleasant picture National Economy Minister K. Simitis painted yesterday when he presented, straightforwardly and without evasions, official data on the country's economy and admitted that "difficulties exist." However, he denied that the stabilization program failed or that economic disaster is forthcoming.

He presented official figures and described the economy's trends. He avoided sugarcoating the present economic situation which he analyzed frankly while recommending "special caution" and "calmness". With some reservation Simitis announced that the new economic and income policy will be clarified in September.

As concerns the social insurance organizations and the Insurance Funds, Simitis said that the published reports are very premature and gave assurances that a public dialogue will precede any decision. He revealed that some preliminary work is being done on them but let it be understood that more time is needed before anything specific can be reported.

The Analysis

Simitis analyzed the balance of payments data and admitted that the picture "is not satisfactory." He noted, however, that in fact the balance of current accounts' deficit during the 1987 4-month period declined if it is calculated

in European Currency Units [ECU]. According to data, this decline is 221 million ECU or about 21 percent compared to the corresponding 1986 period and, the minister said, is due to the 18 percent dollar devaluation against the currencies of Greece's major trade partners between April 1986 and April 1987.

Simitis said the balance of current accounts is improving at a "restrained rate" and is due to the oil price increase at levels higher than anticipated, and to the fuel stockpiling during the first months of 1987.

He also pointed out that the balance of current accounts is affected seasonably--the large deficit in the early months of the year are reduced by the surpluses of summer months. During the summer, he said, tourism contributes to the increase in revenue which will compensate for the large deficit during the first 4 months.

Thus, the target for the balance of payments will not be substantially exceeded at the end of the year. This means that public sector deficits must be restrained and the economy's competitiveness at scheduled levels must be improved.

Public Deficits

With regard to the public sector deficits, Simitis admitted that the trend is toward their increase and special efforts should be made to keep them in check. He added that the net financing of the public sector is excessive but characterized it as "limited in size."

"In this area also," he said, "caution is needed because deviations in the public sector appear mainly at the end of the year." He admitted there will be deviations from targets of the stabilization program and added that efforts will be made to limit them as much as possible.

Simitis concluded: "There are deviations from targets and there exist difficulties, but the stabilization program has not failed and no disaster is forthcoming."

Commenting on press reports, he characterized disaster-mongering as "mistakes" and noted that those who speak of failure will be given the lie just as they were refuted last year when they supported the same views.

"The situation," he said, "is not rosy and cannot become rosy within a year. Our goal was to curtail imbalances and disparities and we did. There is improvement because the stabilization program brought about decisive changes. It is necessary to continue its implementation so that its goals may be achieved gradually. What is needed is patience and compliance with the present policy."

He repeated that problems of the Greek economy are not about to disappear in 1988 and the center of gravity will not be the income policy. He warned that in 1988 also, prudence is needed and characterized as a mistake the view that next year the working people will regain all the income loss they suffered because of inflation. "It would be a mistake to restore the losses immediately," he said.

"Cool-headed"

He observed that in disaster-mongering there is excessive dramatization in order to create negative impressions and asked the people to maintain their calmness because he said such disaster-mongering is largely spread by the opposition. He categorically denied that the recent meeting at the premier's home (Kastri) was an urgent one and called under the pressure of adverse developments in the economy. He admitted that "we are not doing as well as we would like" and mentioned as causes deficits in the public sector.

"But", he said, "no new measures are needed concerning these deficits. The only thing needed is to maintain the measures already taken for stabilization."

The minister did not appear optimistic nor was he pessimistic as he himself said. He simply gave assurances that we are "going in the right direction."

He said certain preliminary work is being done for 1988 but was unable to define the time the government would be ready to announce its specific policy. "The speculations that the 1988 economic policy and the new income policy will be defined soon are not accurate," said Simitis, who thinks most probably the relevant announcement will be made in September.

Insurance Funds

With regard to these funds, Simitis said, "the whole subject needs to be researched and studied and that preliminary work has already been initiated with an aim at coping with the problem." He added that when this work is finished there will be consultations and discussions with all concerned parties. He characterized relevant published reports as "premature" and observed that "one person or another may have thoughts and views on the subject but decisions will be reached only after public dialogue."

He also admitted that "the problem exists in finding the necessary resources within the banking system in order for public enterprises to be able to pay their debts to the Insurance Funds." He warned that "perseverance is needed in the faithful implementation of the economic policy measures which were decided in 1987."

Figures

Figures Simitis gave on the progress of the balance of payments and the economy in general are as follows:

--In April the deficit of the current accounts balance reached 450 million dollars compared to 339 million in April 1986 (32.8 percent increase).

--In the January-April 1987 4-month period the same deficit had reached a total of 1,217 million dollars compared to 1,205 million in the corresponding 1986 period (1.0 percent increase). The target for all of 1987 was to hold this deficit at a level of 1,250 million dollars.

--In the same 4-month period imports reached 3,808 million dollars compared to last year's 3,359 million (13.4 percent increase). In April imports reached 1,102 million dollars compared to 892.8 million in April 1986 (23.4 percent increase). Excluding fuels, imports increased 23.6 percent during the 4-month period and only 27.4 percent in April 1987.

--In the same 1987 4-month period exports totaled 1,563 million dollars compared to 1,351.8 during the corresponding 1986 period (15.6 percent increase). In April exports reached 399 million dollars compared to 350.3 million in April 1986 (13.9 percent increase). Net exports (excluding fuels) increased by 24 percent during the 4-month period and by 23.3 percent in April 1987.

--The trade deficit (imports less exports) rose to 2,245 million dollars during the same 4-month period compared to 2,007.2 million dollars in the same 1986 period (11.8 percent increase). In April the trade deficit was 703 million dollars compared to 542.5 million in April 1986 (29.6 percent increase).

--During the same 4-month period (1987) tourist exchange reached 1,880 million dollars compared to 1,568.5 million during January-April 1986 (19.9 percent increase).

--Remittances from immigrants and working people abroad reached 322 million dollars compared to 261.5 million during the corresponding 1986 4-month period (23.1 percent increase).

--The import of entrepreneurial capital dropped to 70 million dollars during the 4-month period compared to 83.8 million during the corresponding 1986 period (16.5 percent drop).

--The import of foreign exchange by "omogeneis" [Greeks or persons of Greek descent] abroad for purchasing real estate reached 154 million dollars compared to 108.5 million during the same 4-month 1986 period (41.9 percent increase).

--In the same 4-month period foreign exchange reserves reached 2,370 million dollars compared to 1,689.9 million in 1986.

--During the first 4 months of 1987 the total demand appears reduced with a trend for a greater decrease.

--During the first quarter of this year retail sales showed a 2 percent increase. This improvement is due to price freezing, extension of store discounts, and increased demand for food supplies in March as a result of the events in the Aegean. The trend now is for the demand for purchases to decrease.

--In April the price index increased 2.3 percent compared to only 1.5 percent in April 1986. The greatest increase this year is due to Easter Sunday, the increase in the price lists of Public Enterprises and Organizations, and the impact of inclement weather. In the months of May, June, and July the price index will drop.

--Revenue from taxes during the 4-month period increased by 23 percent compared to the same 1986 period.

--No complete data are available for income from the Added Value Tax and no computation can be made.

--There is a lag in the income of public enterprises.

--The oil products' account will show a deficit of 15 million dollars if the international market is maintained at its present level.

--During the 4-month period financing of the private sector moved at very low levels and below predictions. This is due to profits the enterprises realized last year and to release of obligatory deposits made by importers.

--Monetary (notes and coins) circulation is moving at a somewhat faster rate than the target of the monetary credit program, but there is an increase in private deposits.

--State budget expenditures are within the defined goal.

--During the first 4-month period financing of the public sector reached 151 billion drachmas. The target for the whole year is 600 billion drachmas. During the corresponding period last year such financing had reached 176 billion drachmas. The target for the year was 761 billion drachmas.

7520

CSO: 3521/147

RISE IN IMPORTS AFFECTS BALANCE OF CURRENT ACCOUNTS

Athens I KATHIMERINI in Greek 21 May 87 p 13

[Text] A great increase in imports was noted in March and, as a result, there has been a burdening on the entire balance of current accounts, which closed with a deficit of 373 million dollars, versus 356 million dollars last year in the same month. In addition, for the entire quarter, the deficit in the balance closed at 776 million dollars, while the government target for the entire year is, as is known, a deficit of 1,250 million dollars.

The Ministry of National Economy, commenting in its announcement on the data for March, maintains that the results for 1 month are not by themselves suitable for a satisfactory evaluation and it attributes the great increase in imports to the dollar's fall and the large food imports because of bad weather and the Easter holidays.

In conclusion, the ministry stresses that, for the present, the balance's course is moving in the right direction, that the deficit is inflated for seasonal reasons and in the summer it will get better. The ministry's announcement ends by saying that it is therefore necessary for implementation of the stabilization program to be continued.

In more detail, the development of the balance in the first quarter of the last three years is as follows, in million dollars:

	1985	1986	1987
Imports	2,566	2,466.2	2,706
Exports	986.5	1,001.5	1,164
Trade Balance	-1,579.5	-1,464.7	1,542
Invisible Resources	923.7	1,128.4	1,385
Invisible Payments	477.4	530.2	619
Balance on Invisibles	-446.3	-598.2	-766
Balance of Current Accounts	-1,133.2	-866.5	-776
Net Working Capital	1,044.1	925.6	897

As emerges from these data:

1. Imports are showing a significant rise this year, which is owing to large procurements of items other than fuel. More specifically, items other than fuel increased 22.1 percent while fuel imports decreased 29.2 percent. This increase in the infiltration of imports, beyond the reasons cited by the Ministry of National Economy's announcement, proves that domestic demand remains high or that the imports cover sectors in which, for reasons of competitiveness, local production is losing ground.
2. Exports show a significant increase which is owing, however, to a great degree, to their calculation with fallen dollars.
3. For the same reasons, receipts from tourism show a great increase.
4. In working capital, venture capital shows a slight decrease.
5. Exchange reserves at the end of March were 2,634, versus 1,835.3 million dollars in the same period last year.

9247

CSO: 3521/138

GREECE

ECONOMIC

BALANCE OF TRADE DEFICIT EXCEEDS FORECASTS

Government Goals Overtaken

Athens I KATHIMERINI in Greek 10 Jun 87 p 15

[Excerpt] The current balance of trade deficit reveals a big deviation from the government's goals. The deficit in the first 4 months of 1987 has already attained the government's annual goal. Specifically, the current balance of trade deficit increased by 450 million dollars in April and thus in the first 4 months of 1987 it came to 1.217 million dollars compared to 1.205 million dollars in 1986 and 1,472 million dollars in 1985. The goal for the entire year was a deficit of 1.250 million dollars!

Minister of National Economy K. Simitis justified the big increase noted in April by saying that it reflects the distorted presence of the large sum of 125 million dollars in commercial credits whose entry into imports one month or another is altogether fortuitous and expresses import activity not only of the month in which it appears but previous months. Moreover, the minister said that the increase in the deficit to 1.217 million dollars is compensated by a devaluation of the dollar vis-a-vis the currencies of Greece's trading partners by 18 percent during the 12-month period April 1986-April 1987.

At any rate, Mr Simitis admitted that developments with regard to the balance are not at all satisfactory. Nevertheless, he expressed the view that there will be a containment of the deficit in coming months because, as he said, the balance is characterized by seasonal fluctuations where the inflated deficits of the first months of the year are attenuated by the surplus of the summer months primarily from revenues derived from invisible payments. He said, however, that by the end of the year the government's target with regard to the balance of payments will have been exceeded. However, in order that there not be a big excess there must be a containment of deficits in the public sector and an increase in the competitiveness of the economy to the levels where they had been planned. For that reason, the minister said, what is required is persistence in the faithful implementation of the economic policy measures decided on for 1987.

Moreover, Mr Simitis took the opportunity to comment on the evolution of the economic situation generally.

As for the wholesale sales index that increased 2 percent during the first 4 months of the year, Mr Simitis said that it is due to the price freeze, the extension of discounts and the increased demand for foodstuffs because of the Greek-Turkish crisis in March. At any rate, he said that there is a decreased demand now. With regard to the increase of the consumer price index by 2.3 percent in April, Mr Simitis attributed this to the Easter holidays, to the increase of the DEKO /Public Firms and Organizations/ price index and bad weather. Nevertheless, the Ministry of National Economy expects a drop in the index in coming months.

In the meantime, regular budget revenues in the first 4 months of 1987 increased by 23 percent compared to the first 4 months of 1986 but there was a decrease in revenues in public enterprises. In the meantime, however, the minister said, the petroleum products account will show an increased deficit due to an increase in petroleum prices. The deficit is estimated at 35 billion drachmas if present petroleum prices are maintained.

Generally, the Ministry of National Economy ascertains that there is a trend toward an increase in deficits and Mr Simitis repeated that much attention must be paid to them.

Referring to monetary matters, Mr Simitis said that financing of the private sector in the first 4 months of 1987 dropped to levels lower than what had been planned.

The minister said that this drop is linked to the unblocking of obligatory deposits for imports, company profits and decongestion of liquid funds.

On the other hand, with regard to the financing of the public sector there has been an overextension of limited size but great attention is needed because, as Mr Simitis said, deviations become apparent at the end of the year. At any rate, currency circulation is moving more rapidly than planned targets.

With regard to economic policy in 1988, the minister said that problems will not have been overcome but the main burden will no longer be revenue policy. The minister said that workers will not recover all the loss of their incomes. Mr Simitis considers this a big mistake.

Government Castigated

Athens TO VIMA in Greek 14 Jun 87 p 11

/Commentary by Nikos Dimos: "Captains"/

/Text/ It is said that up to the very last moment the Titanic's captain assured passengers that "there are some difficulties but no disaster is imminent." Exactly like Mr Simitis.

In fact, he (the captain) had the orchestra play on the deck to reassure the passengers. The final result was that many who did not take the danger seriously drowned in the most awful manner.

There was also the conviction that the Titanic was unsinkable. (Just like Greece which never dies).

The Titanic's captain went down with his ship, so he went to rest. And what about us, what are we--who have made a mess of things--doing?

And as usual, those who have made a mess of things are putting the blame on others. I read that while commenting on articles published in the press the minister described "talk about a catastrophe" as false and maintained that "all who talk about failure will be disappointed."

How will they be disappointed, Mr Minister, now that they have been convinced?

The balance of payments is sinking more rapidly than the Titanic. Inflation is galloping (17.7 percent, almost six times the EEC average. In 1981, it was three times that.) The private sector is tottering. Investments are not even seen on the horizon. Austerity has resulted in only austerity.

However, the worst, the most shameless, the most ridiculous is when "those responsible" attribute to mysterious elements (for example, international events) those things that are due exclusively and solely to themselves.

Mr Simitis claims that the main cause of the evil is "the increase in deficits in the public sector."

But who controls the public sector, Mr Minister? Who is responsible for its errors?

You and only you.

Are you sabotaging your own policy? That means that either you do not want to implement it or you cannot.

For both of the above cases there is one and only one solution. And you know it.

Mr Tsovolas also! He criticizes companies for hiding the FPA Value Added Tax and calls on consumers to be alert.

But who is to blame that there still are no cash registers set up for that, Mr Tsovolas? International events?

I used to be young and now have grown old hearing about these registers. When it was in midst of things ND used to put off the relative order every 6 months (political cost!). And now that they have become required, because of the FPA, big interests have clashed (who is going to get the bigger "cut") and so we have remained without these registers.

(That's the way it is in Balkanistan. When the means are in balance work stops).

In any other country whatsoever, the register scandal would have toppled the government. Six months after the FPA went into effect (something that was in preparation for over a 6-year period) and still nothing.

Billions of drachmas in losses to the state. A reheating of inflation and imports from the untaxed revenues that enter the consumer market. (Tax evasion and the public sector: the two scourges of the Greek economy).

Responsibility? Resignation? What do these mean? Nobody is concerned. The minister of national economy gets mad at the "talkers about catastrophe who dramatize things." (That's who we are, the ones who say that the Titanic is sinking when the water comes up to our midriff). And the minister of finance appears to consumers to engage in spying to solve his problem.

(No, my Mr Tsovolas. We won't become spies for the tax office. You go out and collect taxes by yourself! And if you can't, go home!).

5671

CSO: 3521/145

BACKGROUND, REASONS FOR PERSISTING HIGH UNEMPLOYMENT

Athens I KATHIMERINI in Greek 31 May 87 p 6

/Article by Kanellos Athanasopoulos/

/Excerpts/ When PASOK came to power in 1981 unemployment stood at 148,000, while in 1987, according to the OECD, it was 400,000. Unemployment now surpasses 10 percent of the labor force. However, much more important than the size of unemployment is the duration of unemployment: in 1981, the average duration of unemployment was 5-6 months. In 1985, it rose to 7-9 months, while in 1987 it stood at 9 months. In other words, the average duration of unemployment is increasing about 9 percent a year. In a final analysis, this means that unemployment in absolute figures is even greater than what is statistically recognized. If I were to convert current unemployment into unemployment with a duration of 5-6 months, as it was in 1981, current unemployment, in equivalent numbers of the 1981 period, is close to 640,000.

The loss of work that is also the reason for a lower rate of increase or decrease of incomes also differs significantly between 1981 and 1987. The conversion of the work force, on the basis of no work for a 12-month period of time, is 1.87 percent for 1981 compared to 6.3-7.5 percent for 1987.

Much worse is the picture of unemployment among youth and professionals and intellectuals in general. Unemployment among youth in 1987 represents 41 percent of the unemployed. While in 1981 the number of unemployed youth was 43,000, today this figure is 160,000! We have become a society that ignores the intellectual capital it produces. The annual increase of unemployment among high school graduates is about 9.5 percent, while that among certificate holders is 4.75 percent. Regardless of the more general reason for unemployment of all categories of workers, there are specific factors that increase unemployment among intellectuals and professionals. There is, of course, a clear increase in the number of persons in this category. However, while in other countries this number is considered a blessing since it is estimated that while material capital contributes 25 percent to the developmental progress of a country, intellectual capital contributes the remainder (S. Martin study), in Greece it is considered a curse. To a great extent, the fact that these persons have not been absorbed into the labor market must be attributed to the insufficient specialization of the graduates commensurate with modern social needs, to the level of research, to the lack of professional orientation, to the faulty utilization of the capabilities of the Greek professional force for organized offering of technical and professional assistance abroad.

Unemployment in Greece is to a great extent structural in nature. Its basic cause is the insufficiency, both qualitatively and quantitatively, of investments. There is no need to mention here that the government's policy has discouraged private investments and has siphoned off social savings for the public sector and now leads to de-financing. On the other hand, public financing is not only insufficient but as a rule of low value so that they do not encourage the private investment process as a foundation. The state, that day by day drives away private initiative, has not been in a position up to now to come up with any noteworthy project and to finally replace the private sector with some significant investment.

On the other hand, a basic government mistake gave rise to yet another peculiar form of unemployment. The prime minister did not diagnose from the very outset that the primary cause of the country's economic misfortune was inflation. To the contrary, he maintained, with the pride of a magician who pulls out a rabbit from his hat, that he was going to restrict demand and consumption to cope with inflation, as the inexperienced Thatcher did. He thus increased, at that time, production costs by 40 percent and added demand inflation to cost inflation. Thus a peculiar form of unemployment developed that could not be coped with with a Keynesian prescription despite the fact that there is idle capital as well as an idle labor force but no demand can wed them because high production costs cannot meet foreign competition. Devaluations, that constitute the aspirin method for strengthening competition, act in an inflationary manner and create a vicious circle.

Let us now bring together our conclusions about the future that is natural that they will also determine our political stance vis-a-vis the phenomenon that is called PASOK government. How is it possible to confront this sizable unemployment that grew because of "leftist" or rather "maladroit" policy?

It is known that 3.5-4 percentage points of fixed capital are required to succeed in an increase in employment of 1 percentage point. If we set as a target the containment of unemployment at the 1981 level, an increase of fixed capital by 18-25 percent will be required, i.e. investments amounting to 5 trillion drachmas or 38 billion dollars. Is it ever possible, regardless of how much optimism we may have, to believe that a government, that is known for its general want of confidence and is characterized by dangerous opportunism, would be in a position to succeed in even the slightest part of these necessary investments? This thought rightly permits describing the present government as a government of unemployment.

If we merely wanted, by limiting our ambitions, to succeed in simply stabilizing unemployment, in other words to contain unemployment at current levels, we would evidently have to succeed in absorbing newly-created and available labor forces. This would mean that we would have to increase fixed capital by 4 percent for that purpose alone. And yet today the increase of this capital, regardless of its qualitative value, is only 2.6 percent. Neither can this moderate goal be attained by the present government in power.

Consequently, the only solution is elections. Otherwise, public life will fluctuate between inflation and demagogic pyrotechnics, just as the transparent staging of the Greek-Turkish conflict. I leave it to Hemingway to write the epilogue to this report: "The first panacea of a nation that is badly governed is the inflation of currency. The second is war. Both bring temporary prosperity. Both bring permanent ruin. And both constitute the refuge of political and economic opportunists."

5671

CSO: 3521/145

BRIEFS

EXPORTS' DECLINE--The value of our country's exports in the 2-month period January-February 1987 showed an 8-percent decrease in comparison to the corresponding period in 1986. More specifically, as is reported in the Statistical Service's bulletin, the value of exports in this 2-month period decreased 996.7 million drachmas, amounting to 128,420.5 million drachmas, versus 129,417.2 million in the corresponding period in 1986. As concerns the destination of the exported products, the greatest part was absorbed by the EEC countries (82,345.4 million drachmas), followed by Asia (10,944.2 million drachmas), Eastern Europe (6,621.8 million drachmas), Africa (6,737.4 million drachmas), the United States (11,391.1 million drachmas), the EFTA countries (5,742.8 million drachmas), the rest of Europe (3,914 million drachmas) and Australia-Oceania (723.8 million drachmas). [Text] [Athens I KATHIMERINI in Greek 22 May 87 p 14] 9247

CSO: 3521/138

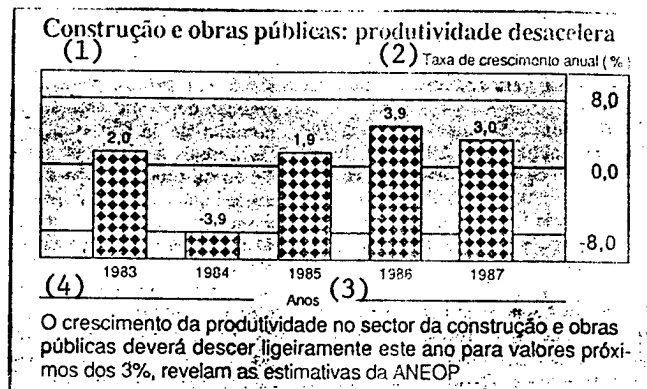
STATUS OF ECONOMY SHOWS INFLATION DECREASE SLOW-DOWN

Lisbon O JORNAL in Portuguese 26 Jun 87 p 4-E

[Text] Purchasing power has increased, and car sales as well: during the first 4 months of the year, purchases increased despite the fixed quota system, which will last until the end of this year, putting many potential buyers on the waiting list.

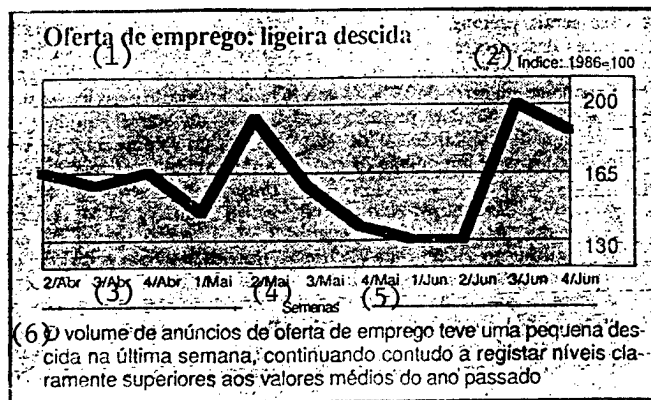
Inflation is still declining, but the rate of decline has become less intense. Prices rose slightly in May, but at a lesser rate than during the past 11 months. OECD's [Organization for Economic Cooperation and Development] forecast of an 8 percent price increase in 1988 should be borne out.

But, reflecting greater industrial and commercial activity, the consumption of gas oil rose 16.6 percent during March, in comparison with the same month last year; thus reflecting the increase for transportation associated with the production and marketing of products.



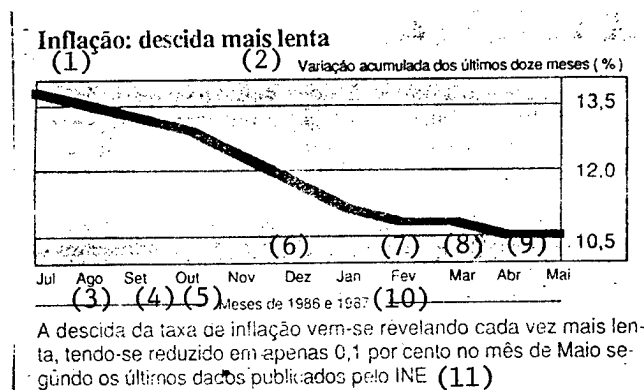
Key to Graph 1:

1. Construction and public works: productivity slows down
2. Annual rate of increase
3. Years
4. The increase in the productivity of the construction and public works sector should decline slightly this year to volumes close to 3 percent, as ANEOP's [National Association of Public Works Enterprises] estimates have disclosed.



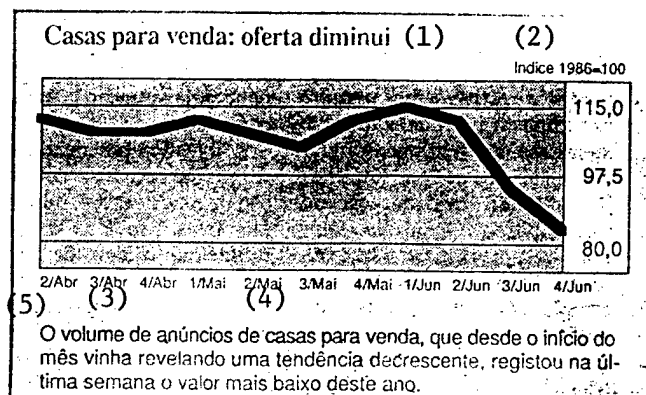
Key to Graph 2:

1. Job supply: slight decline
2. Index
3. Apr
4. May
5. Weeks
6. The number of employment offer ads declined slightly last week, but still shows clearly higher levels than the average number last year.



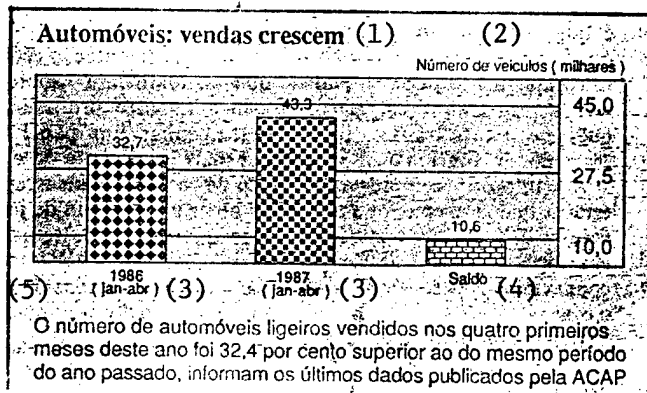
Key to Graph 3:

1. Inflation: slower decline
2. Cumulative variation for last 12 months
3. Aug
4. Sep
5. Oct
6. Dec
7. Feb
8. Mar
9. Apr
10. Months in 1986 and 1987
11. The decline in the inflation rates is proving increasingly slower, having dropped only 0.1 percent in May, based on the latest data published by INE [National Institute of Statistics].



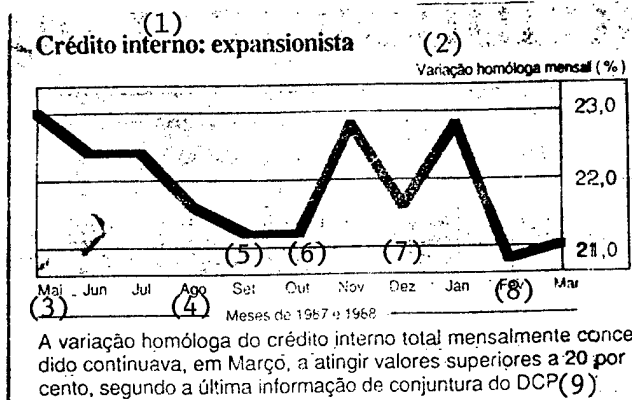
Key to Graph 4:

1. Houses for sale: supply dropped
2. Index
3. Apr
4. May
5. The number of house for sale ads which, since the beginning of the month, had been showing a downward trend, recorded the lowest figure for this year last week.



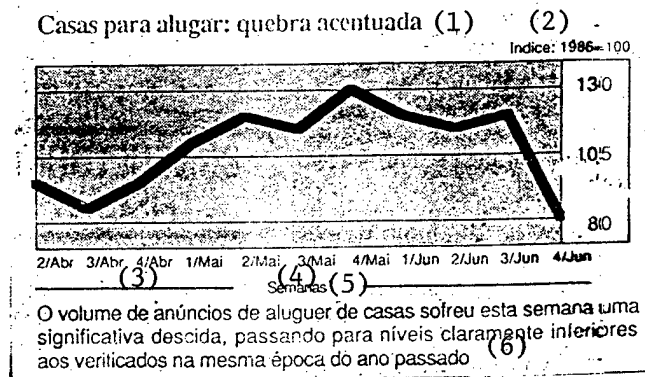
Key to Graph 5:

1. Cars: sales increase
2. Number of vehicles (thousands)
3. Apr
4. Balance
5. The number of light cars sold during the first 4 months of this year was 32.4 percent higher than for the same period last year, as reported in the latest data published by ACAP.



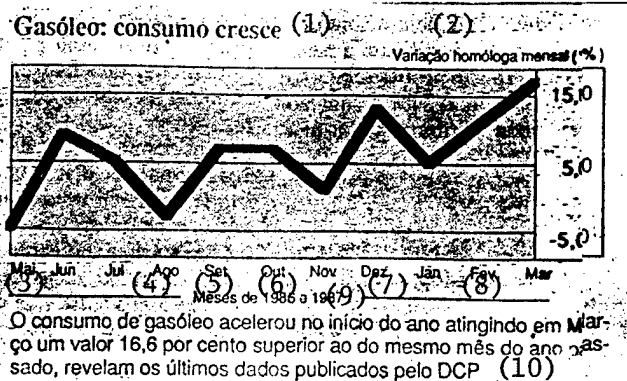
Key to Graph 6:

- | | |
|----------------------------------|--------|
| 1. Domestic credit: expanding | 5. Sep |
| 2. Monthly comparative variation | 6. Oct |
| 3. May | 7. Dec |
| 4. Aug | 8. Feb |
9. The monthly comparative variation in total domestic credit granted continued, in March, to reach figures over 20 percent, according to the latest current status report of DCP.



Key to Graph 7:

- | |
|--------------------------------------|
| 1. Houses for rent: marked reduction |
| 2. Index |
| 3. Apr |
| 4. May |
| 5. Weeks |
6. The number of house of rent ads underwent a significant drop this week, declining to levels clearly lower than those for the same period last year.



Key to Graph 8:

1. Gas oil: consumption increases
2. Monthly comparative variation
3. May
4. Jun
5. Sep
6. Oct
7. Dec
8. Feb
9. Months in 1986 and 1987
10. Gas oil consumption accelerated at the beginning of the year, reaching a volume in March 16.6 percent higher than for the same month last year, as the latest data published by DCP reveal.

2909

CSO: 3542/107

POLL SHOWS LACK OF SOPHISTICATION IN ECONOMIC AFFAIRS

Lisbon EXPRESSO in Portuguese 13 Jun 87 pp 1-2

[Text] Three out of four Portuguese feel that the increased activity in the securities markets is a sign of the good health of the Portuguese economy, one in six holds a contrary opinion and 7.9 percent of the Portuguese had no opinion or did not respond to the question. Despite this belief in the relation of the market to the economy, the Securities Exchange is the least familiar of the four institutions which the respondents were asked to identify in the EXPRESSO/Euroexpansao survey.

Although it is the least known of the four institutions mentioned in the survey (only 72.9 percent said they had heard of it), only 67.3 percent of those who said they knew of it could describe accurately what takes place in the Securities Exchange. [Sentence as published]

This means that, of the 600 respondents in this survey, only a half know precisely what the Securities Exchange is and what it does. 68.8 percent of the respondents identified the banks and other credit institutions as places where one could purchase stocks and bonds, whereas 41.3 percent of the respondents said the place to buy securities was a securities brokerage; 5 percent of those who knew of the Exchange and said they were familiar with its activities revealed, however, that they did not know where to go to buy stocks.

There was greater unanimity regarding the evolution of securities transactions. Thus, 30.2 percent of the respondents were of the opinion that there had been a great increase in market activity, while only 1.5 percent said that such transactions had "declined slightly or greatly." The recognition that the market has been showing some movement is also reflected in the fact that 9.2 percent of the respondents said that market transactions had increased a little. It is significant that, even on this question, 12.3 percent of the respondents had no opinion.

Majority Do Not Trade

The number of survey respondents who had no opinion on the future evolution of stock prices was also high: 24.5 percent of those who correctly identified the activity of the Exchange. Almost 43 percent of the respondents said stock prices on the Exchange would be higher a year from now, while 7.1 percent said they would be lower.

At the extremes, the percentages were low. Thus, only 4 percent of the respondents said the prices would be "very much higher" than they are now and 0.7 percent said prices would be "very much lower" a year from now. One in five respondents (20.8 percent, to be precise) said there would be no change, that the prices would be at the same level a year from now.

In the universe of respondents that we have been analyzing, it should be noted that 80 percent do not own stocks or bonds. Of the 20 percent who said they owned stock, 52 percent only began to acquire securities after 1976, while 21.3 percent held no stocks after 25 April 1974. Of the respondents who reported owning securities, 16.3 percent said they had purchased stocks both before and after said dates and 9.5 percent did not reply to the question.

If the percentage of stockholders is relatively low among those familiar with the activities of the Exchange, the situation will not tend to change greatly in the next 12 months. In fact, 66.3 percent of the respondents said they "certainly" were not planning to buy stocks or other securities in this period and only 9.4 percent were "certain" they would; 21.8 percent were undecided ("maybe").

Technical note:

The survey universe comprises residents of mainland Portugal over 18 years of age. The survey was conducted through personal interviews with 608 individuals, using a structured questionnaire. The sample was selected at random, after stratification by region, habitat, age, sex and level of education. The interviews were conducted from 15 to 26 March 1987. Margin of confidence: the maximum semi-amplitude ("maximum error") of the confidence interval is 40 percent for a degree of probability of 95 percent. [Sentence as published] Euroexpansao was responsible for the survey and EXPRESSO is responsible for the analysis of the results.

6362

CS0: 3542/105

BUSINESSMEN SAID OPTIMISTIC ABOUT EARLY ELECTION CALL

Lisbon EXPRESSO in Portuguese 23 May 87 pp E1, E3

[Text] More than one-third of the businessmen feel that the call for early elections will have a positive effect on their business affairs, whereas only 1 in 10 thinks otherwise. The survey of the EXPRESSO/Business panel, conducted at the beginning of May, also shows that the remaining 53.8 percent of the respondents felt that the decision by Mario Soares would not have any noticeable effect on the lives of their companies.

Aside from the political factors which could have influenced the responses of the panel members, the fact that 73.8 percent of them said that the instability was continuing to have a negative effect on their activities in April leads to the conclusion that the businessmen see the elections as a way out of this situation.

The call for early elections, announced by Mario Soares on 28 April, would thus have been favorably received by the business class.

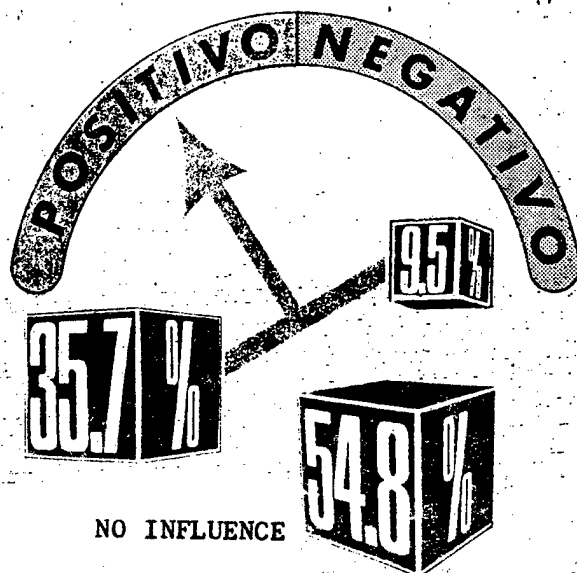
Also noteworthy is the independence that the pursuit of business negotiations appears to acquire during election periods. As in the securities markets, where abnormal behavior has not been associated with the political situation, in most companies, as well, it is not expected that the next election campaign (or the prior dissolution of the parliament) will significantly alter the development of their activities.

From the results obtained in the survey with reference to April, it may be concluded that the month was particularly favorable for the expansion of economic activity. The business climate at short and medium range has regained or even surpassed the optimism in January of this year.

Negative Expectations Gone

Despite the political uncertainty inherent in election periods, none of the businessmen on the EXPRESSO panel foresees that the activities of his company will suffer in the next 3 months, or even in the next 12 months. This optimistic outlook is even more evident in that the number of respondents who expect no change has declined in relation to those who are predicting future growth for their companies.

Graph 1. Response to Survey Question: What effect will the elections have on business?



Thus, the dissolution of the parliament and the call for elections do not appear to have a negative impact on the business climate. It was in April that the positive expectations firmed up regarding the business developments at short and medium range.

April was also better than March in that, while the same percentage of businessmen and managers reported less activity in their companies, the percentage of those who said they had seen an improvement rose 10 points (to 45.3 percent) and is now higher than the 45.2 percent who reported no change in relation to the previous month.

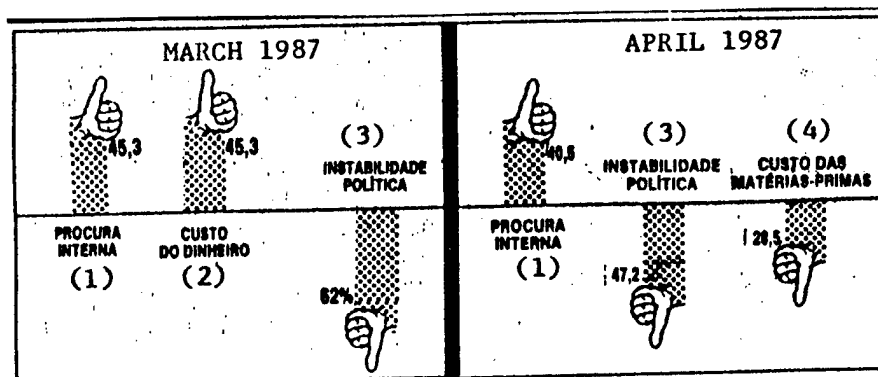
Compared with April 1986, last month was not only viewed as "better" by 83.3 percent of the respondents, but only 4.8 percent said that business was going better a year ago than it is now.

The EXPRESSO/ Business panel comprises a stable universe of 50 business officials, who are consulted every month about the evolution of the business situation. The April survey was conducted during the first 2 weeks in May.

Three Most Influential Factors

For the first time since the start of the year, the businessmen's replies regarding the factors which had the greatest impact on their activities in the past month focused on two negative factors and one positive factor. For the fourth consecutive month, "domestic demand" was mentioned most as the most positive factor; in addition to "political instability," now cited less than in March, the "cost of raw materials" now emerges as having a strong negative effect.

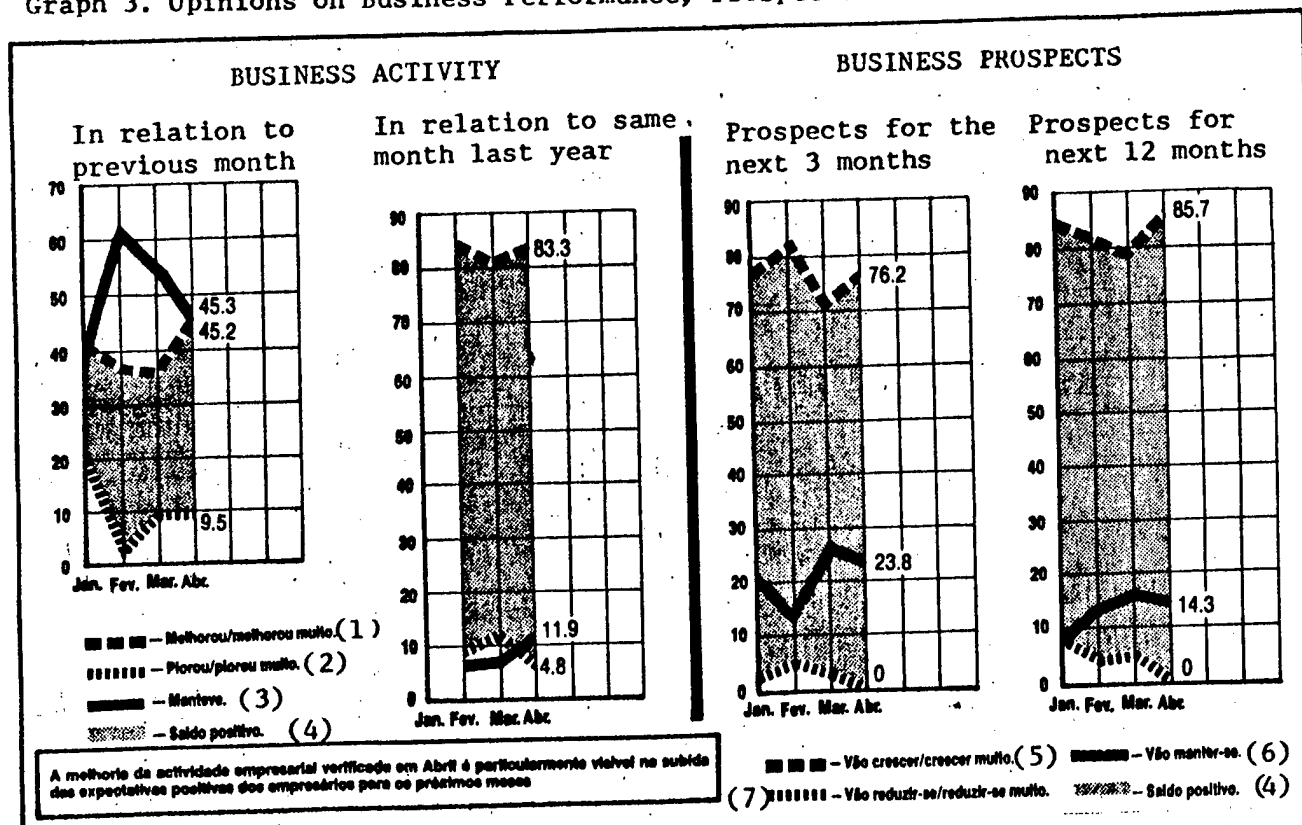
Graph 2. Three Factors Cited Most as Having Greatest Impact on Business



Key:

- | | |
|--------------------|--------------------------|
| 1. Domestic Demand | 3. Political Instability |
| 2. Cost of Money | 4. Cost of raw materials |

Graph 3. Opinions on Business Performance, Prospects

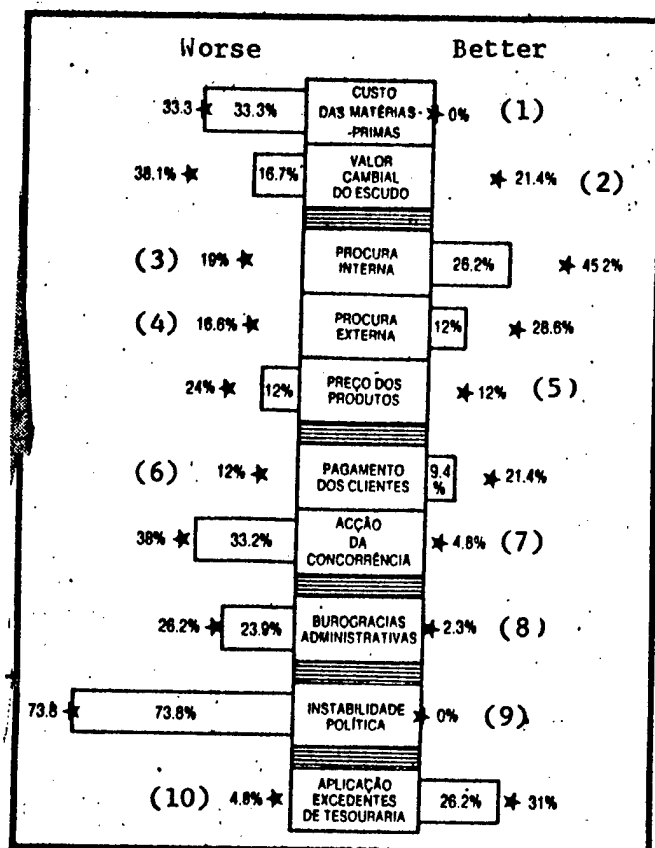


- Key: 1. Improved, much improved
2. Worse, much worse
3. Same
4. Positive balance

5. Growth, major growth
6. No change
7. Decline, major decline

[Note appended to Graph 3] The improvement in business activity observed in April is particularly visible in the businessmen's rising expectations for the coming months.

Graph 4. Factors positively, negatively influencing business activity, as cited by businessmen.



Key:

- | | |
|-----------------------------|-------------------------------------|
| 1. Cost of raw materials | 6. Customer payment |
| 2. Exchange value of escudo | 7. Action of competition |
| 3. Domestic demand | 8. Administrative red tape |
| 4. Foreign demand | 9. Political instability |
| 5. Price of products | 10. Application of treasury surplus |

Impact of Raw Materials

Various factors in the economic picture continue to have a negative impact on business, although the businessmen's expectations have remained highly positive. Along with "political instability" (73.8 percent cited it as a negative factor, whereas, in March, it was cited by 93 percent), the "cost of raw materials" now appears on a par with the already chronic impact of the "action of the competition."

None of the businessman on the panel noted any improvement in April in the cost of the raw materials with which they work, and one-third felt the effects of an increase in these costs. In March, only 16.7 percent of the business managers had expressed concern about the rising cost of raw materials. Since there was no currency exchange action to which this could be attributed, it must be concluded from the April survey that there was a rising trend in the price of most of the raw materials employed.

6362

CS0: 3542/105

EEC MEMBERSHIP BRINGS TRADE DEFICIT

Madrid MERCADO in Spanish 5-11 Jun 87 pp 22-23

[Text] Joining the Europe of the 12 has caused the Spanish economy to slide from a surplus of 280 billion pesetas in 1985 to a deficit of 165 billion. The reason: Last year purchases exceeded sales by 24.8 percent. Consequently, coverage is down by more than 21 points.

On the positive side, decontrolling the economy has meant a 145 percent rise in direct net investment. The budget shows a bottom line of 14 billion pesetas in the black, without counting the refunds on VAT payments and other amounts from obligations fallen due.

Expected. The first year as part of Europe was not very beneficial to the Economy Ministry's coffers, even though the damage was expected and thus not that surprising.

According to a report commissioned by the State Secretariat for the Economy that MERCADO has seen, there is a wide variety of reasons for these shifts. The elimination of quotas, a change in farm trade, a rise in domestic demand and the loss of competitiveness of domestic goods vis-a-vis imported items are some of the principal reasons why this first year ended in the red.

The turnaround in trade has affected mainly the farm sector. It posted high nominal growth (104.8 percent), contributing almost 7 percentage points to the increase in total imports in current pesetas. From 133 billion pesetas we have increased to 258 billion, mainly because of grains purchases.

In industry, intermediate products were up 40 percent, totaling 2.108 trillion pesetas, compared to 1.624 trillion in 1985. The biggest increases in the sector were in the chemical and steel groups. In the latter, Spain has demanded protection for some of its products.

Capital goods accounted for more than 30 percent of total imports and posted a 27 percent increase to 743.6 billion pesetas, against 585.2 billion the year before. According to the Economy Secretariat report, the rise in demand coincided with a strong business recovery that has made possible the current upswing in investment and the greater demand for goods that are needed to modernize the domestic production machine.

In the manufactured goods sector, there was a noteworthy rise (90 percent) in the purchases of cars from the EEC. In 1986, 122.1 billion pesetas were spent on imported private vehicles, twice as much as in 1985.

Loss of Competitiveness. The rise in imports was prompted partly by the difference between the peseta-denominated prices of imported goods and the prices of competing domestic goods. The first stage of tariff reductions has meant a cut in import prices with an unequal impact on the various sectors. For example, in agriculture a series of specific measures had to be resorted to for our country in the case of several items (corn imports at reduced prices, a rise in grain imports, greater supply of vegetable oils and larger fish product purchases).

Moderate Growth. If imports skyrocketed, exports did not fulfill the expectations of the State Secretariat for the Economy. In real terms they were up 7.7 percent, which is moderate growth. Farm products, industrial manufactures, capital goods and consumer manufactures, especially private vehicles, showed the fastest growth.

According to Economy and Finance, the disappearance of the tax break on exports owing to the VAT refund has had an impact on certain sectors such as iron and steel. This pushed sales forward to the last quarter of 1985, the adverse impact of which on real export growth in 1986 can be estimated at around two percent. In spite of the trade deficit, the current account with the EEC posted a surplus of 928 billion, while the service balance moved from 643 billion to 877 billion.

Financial Relations. Our first fiscal year in the EEC showed a bottom line that was 14 billion pesetas in the black for Spain. Spain's financing of the Community's budget through the VAT, customs duties, regulatory levies and others stood at 96.73 billion. Revenues amounted to 110.7 billion, mostly from the EAGGF [European Agricultural Guidance and Guarantee Fund] and FEDER.

As for the VAT, a refund of between 15 and 21 billion pesetas is pending. It stems from an overestimate for the year as a whole.

8743

CSO: 3548/93

CATEGORIES RESPONSIBLE FOR TRADE DEFICIT

Madrid ACTUALIDAD ECONOMICA in Spanish 11-17 May 87 p 74

[Text] Spain's trade deficit in March totaled 160.72 billion pesetas, up 126.4 percent from the same month in 1986. The March figures push the cumulative 1987 deficit to 393.33 billion pesetas, up 108 percent from the same period last year. The deficit with the EEC increased more in March than in January and February combined (65.5 billion against 57.55 billion). This puts the cumulative deficit for the year at 123.06 billion, which is close to the 165.93 billion peseta deficit with the EEC countries for all of 1986. If the trend continues, it will shatter the forecast of the State Secretariat for Commerce, which recently estimated the 1987 deficit at 1.2 trillion pesetas.

The Economic Picture

<u>Category</u>	<u>Latest Month</u>	<u>Percent Change From 1986</u>	<u>Cumulative for Year</u>	<u>Cumulative Same Period 86</u>
Steel Output (thousands of tons)	1,010 Mar	-5.1	2,965	3,408.1
Cement Production (thousands of tons)	1,383 Jan	-5.4	1,383	1,464
Electrical Energy Production (millions of kw/h)	9,626 Mar	-5.01	30,365	32,629
Private Vehicle Registration (units)	78,000 Mar	+39.9	206,160	126,147
Tourist Entries (in thousands)	2,371 Mar	-9.9	6,596	6,371
Tourism Revenue (millions of dollars)	655 Feb	+30.4	1,447	1,069
Imports (billions of pesetas)	500.3 Mar	+34.2	1,364.6	1,076.1

Exports	339.6 Mar	+12.5	971.3	883.3
Current Account Balance (millions of dollars)	35 Feb	-90.2	103	725
Gold and Foreign Currency Reserves (millions of dollars)	392 Feb	+16.2	17,744 (1)	15,260 (1)
Unemployment	21.4 Mar	+0.39	21.4	21.01 (1)
Consumer Prices	0.4 Mar	0	1.1	3.2
Industrial Production Index (1972=100)	140.0 Dec	+1.6	140.0	127.7
Government Nonfinancial Deficit (billions of pesetas)	-346.9 Feb	-30.0	-297	-340.3

(1) Cumulative as of February 1986 and 1987

8743

CSO: 3548/93

USSR NATURAL GAS DELAYED

Istanbul DUNYA in Turkish 21 Apr 87, pp 1, 10

[Text] It has been announced that the USSR-Turkey natural gas pipeline will be operational from 15 May onwards. ENKA officials explained the delay pointing to bad weather conditions. It was announced earlier than the pipeline would be opened on 25 April. Natural gas coming from USSR will first reach Hamitabat control station. After the infrastructure is completed it is expected to reach Ankara, July 1988 at the latest.

Mehmet Diraz, section chief ENKA natural gas pipeline project, said unfavorable weather conditions were responsible for the delay. He said: "The natural gas pipeline coming from the USSR will reach Hamitabat on 15 May. I had previously announced the date as 25 April. But wintry conditions prevented that. No change is expected in the date the pipeline is slated to reach Ankara. "It will reach Ankara by July 1988," said Diraz.

Officials at the Soviet Embassy and at BOTAS announced that the gas will be flowing immediately after the completion of the pipeline. BOTAS officials said, "When the pipeline reaches Hamitabat we will conduct an experiment and let the gas flow soon afterwards."

Soviet Official

In his statement Soviet Commercial Attache Vladimir Kostikov invited Turkish firms "to make offers based on world prices, and on new, quality goods other than the traditional Turkish exports." Kostikov said they were trying to find industrial products to purchase in exchange for natural gas.

The agreement with BOTAS provides for a supply of 750 million cubic meters in 1987. Though monthly figures may be subject to change the overall figure is expected to reach 750 million meter-

cube by year's end. The amount of gas flowing through the pipeline will be monitored by means of a computer at the measuring station by Turkish and Soviet experts. Kostikov explained the natural gas price payment system as follows:

The designated seller of the gas, Soyuzgazexport, will maintain an account with Uneshtore Banki the Soviet foreign trade bank. The Turkish side will also open an account there and the gas will start flowing. Records of payments, in U.S. dollars, will be kept both by Soyuzgazexport and Turkish Central Bank.

ENKA Gets First Deal

Meanwhile, ENKA was the first company to conclude a deal within the framework of the \$50 million exchange agreement -- where Turkish goods will be sold to Soviets in return for natural gas. Accordingly, \$832,700 worth of 'Mekap' brand athletic shoes will be sold to Soviets. Kostikov said they intended to buy \$8 million worth of wheat from Turkey, and discussions were continuing.

12466

CSO: 3554/246

TEXTILE SECTOR PREVAILS IN EEC NEGOTIATIONS

Istanbul DUNYA in Turkish 9 Apr 87 pp 1, 10

[Text] Turkish textile industry, which has been gaining expertise on EEC matters over the years, has succeeded in having its demands accepted by EEC Textile Commission during the Turkey-EEC textile negotiations that ended yesterday in Mersin. At the end of the meetings Turkey managed to recover some of the quotas which had been slated for 86, the first year of the self-restraint agreement. In addition, some of the 'original design' quotas have been re-issued, and increased.

Representatives of the Turkish textile industry took part in the regular consultation sessions with their EEC counterparts -- Commission members Herve Jouanjean, Hofmann and Accardo, discussing issues ranging from self-restraint to executive agreements. With the experience gained in recent years the Turkish delegation made sure that the negotiations take place on an equal footing. Noting that after 2 days of talks positive results had been achieved, Mehmet Kabasakal, deputy board chairman of the Istanbul Union of Readymade and Clothing Exporters, made the following statement:

The desired results have been attained. Nowadays the Turkish side comes to these meetings well-prepared. We now have our experts on EEC. Thus we've been able to take part in the negotiations on an equal footing. Otherwise we may have resigned ourselves to lesser results. Members of the EEC Textile Commission have noted that Turkey's implementation of the quota system had been exemplary, and that no complaints had been heard from any country on that score. So they are quite content with the implementation. But, as we know, our exporters have suffered considerable damage during the 1st year of the new system. The Treasury, the Exporter's Associations and exporters themselves were all unprepared. But if the quota distribution system works properly, by the end of the first year our exporters' hardships will be reduced. In cases where exporters are not able to fully use their quotes they should return them to the Associations, and give an opportunity to firms able to use those quotas. In this way they will be avoiding fines as well

as contributing to our textile exports. A particular point I wish to make is that while 'original design' quotas are being increased, re-exports have been left out of the quotas. Therefore, export certificates will have to specify whether the goods are 'original design' or re-export, so as to prevent cancellations of the quotas.

Issues discussed during the 2-day talks and their results were as follows:

1. On the issue of the Executive Cooperation Agreement, the EEC Commission has been notified about some of its shortcomings. An example would be the rule requiring that export licenses be handed in 5 days, with which some countries do not comply. And sometimes export documents (green certificates) are demanded in cases where they shouldn't be, as in non-quota goods. And while EEC Commission was notified of such practices which cause delays in exports, the request was made that information be exchanged with the Union of Associations on an ongoing basis to expedite the procedures,

2. Another matter for discussion was the way in which losses resulting from faulty calculations on EEC's part, in certain goods, were to be compensated for. Not much ground has been covered on this issue, as the Commission members stressed the need to evaluate the agreement as a whole,

3. The most important item on the agenda was the return of unused 86 quotas to Turkey. Transfer of 10 percent of the unused quotas to this year was agreed upon. The Turkish delegation requested the rest of the unused quotas as well. Commission members, on their part, indicated that some flexibility might be shown on this matter considering that it was the first year of the system's implementation and that Turkey had been stringent in its observance of the quotas.

12466
CSO: 3554/241

COMMENTARY EXAMINES CONSTITUTIONALITY OF 'EXIMBANK' PROCEDURES

Istanbul CUMHURIYET in Turkish 10 Apr 87 pp 1, 8

[Commentary by Ugur Mumcu]

[Text] Minister of Finance and Customs Ahmet Kurtcebe Alptemucin, talking to DUNYA, says that, during the process of reorganization as 'Eximbank', State Investment Bank may enter into partnerships with the likes of 'Faisal Finance' and 'Al Baraka'. Well, do not be surprised if it really comes to pass... No one is kidding!...

It may well come about, but wouldn't such 'liasons' cause a bit of trouble for ANAP? Yes, it would. Don't say it won't, this is Turkey.

You may well wonder why. Here is why: 'Faisal' and 'Al Baraka' conduct their activities in accordance with Islamic principles. Is there any doubt about that? No.

'Profit sharing' is another name for interest. But I leave such issues aside for the moment.

State Investment Bank is an agency of the state, bearing the status of 'economic state organization'. Any doubt about that? No. Its function is to provide credit for the SEEs, and letters of guarantee.

Having, hopefully, clarified these two issues, we can move on to the third, which has to do with Article 163 of Turkish Criminal Law. Let's first go through the article in deliberate fashion, contemplating every word. Here is the text:

To establish, found, organize, lead and administer any association with the purpose of grounding the social or economic or political or fundamental legal order of the state, even in part, on religious principles and beliefs, in violation of secularism, are offenses punishable by a heavy prison sentence of 8-15 years.

When the article is closely scrutinized, word by word, I suspect the following cannot escape notice: "... with the purpose of grounding the social or economic or political or legal order of the state, even in part, on religious principles and beliefs..."

What happens when that happens? The perpetrators are imprisoned for 8-15 years... God forbid, no one should deserve such a fate!..

The truth of the matter is that the referred article of the Criminal Law is sitting, right there, like a fortress. Thus, it is a crime "to ground the fundamental economic order of the state, even in part, on religious principles and beliefs." No question about it, it's a crime.

Therefore, setting up partnerships between state-owned banks and religiously-motivated finance groups constitutes the crime of grounding "the fundamental economic order of the state, even in part, on religious principles and beliefs." No doubt about it. Either you take out that article or you comply with the law. Without doing away with Article 163 you cannot have partnerships set up between state-owned banks and with the likes of 'Al Barak' and Faisal Finance' -- firms of Saudi background operating in accordance with religious principles and beliefs. You cannot do that, just as you cannot use Vakiflar Bank as if it were a branch of those finance firms.

Consider for a moment that you have done away with Article 163. But that's not enough. An identical version can be found in Article 24 of the Constitution. It would be necessary to change that, too. That is so because Article 24 also prohibits "basing the fundamental economic order of the state, even in part, on religious rules." One might say, "Here's how we do it, and it works." It might, at least for a while. Or you may be led into thinking that it is working.

In this country playing games with secularism is dangerous business. You may later find yourself banging your head on the walls. Please don't do it; heed our warning.

12466
CSO: 3554/241

YOUTH SEEN INCREASINGLY ATTRACTED TO JOBS IN PRIVATE SECTOR

Away From Public Sector

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jun 87 p 7

[Article by Hans Jorgen Poulsen; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Danish Employers' Association notes with satisfaction that many young people have chosen the private business sector instead of the public sector in the last 10 years. At the same time the public sector is now "saturated" with applicants.

Public employment rather than a job in the private sector is much less attractive to young people going into advanced educational programs today. In the types of educational program--short, medium and long--that are geared specifically toward the private sector, enrollments have doubled over the last 10 years, from 4,386 in 1976 to 8,087 in 1986.

The shift, which is due to both admissions quotas and individual changes in selecting an occupation, can also be seen in the medium and long educational programs that are aimed at public employment. Here the number of applicants accepted in the same period declined from 9,614 in 1976 to 4,524 in 1986.

There has only been a slight increase in the percentage of applicants accepted in long-term educational programs with broader occupational prospects.

These figures come from the estimates Education Ministry official Jens Peter Christensen made on the basis of statistical material collected and organized by the ministry.

Admissions to advanced educational programs--except for fields that came under the coordinated nationwide admissions system during the period that was studied--have totaled around 20,000 a year.

The admissions pattern can be summed up as follows:

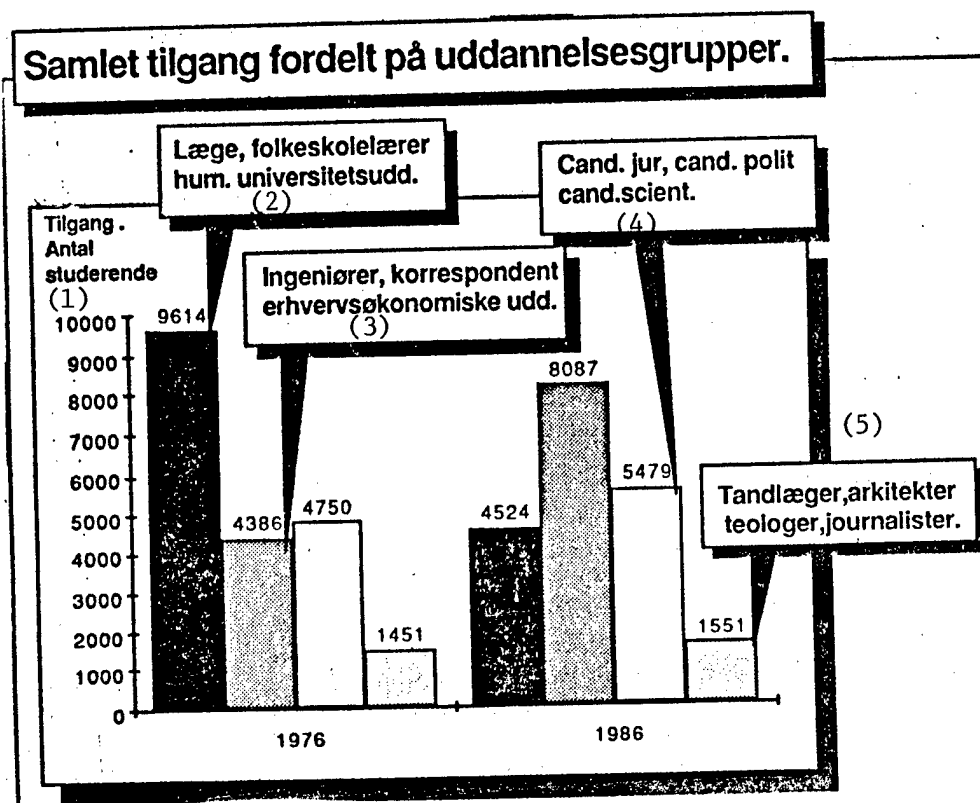
In 1976, 21.7 percent and in 1986 41.2 percent of admissions were to short, medium and long educational programs aimed at the private sector.

In 1976, 47.6 percent and in 1986 23 percent of admissions were to medium and long educational programs aimed at the public sector.

In 1976, 23.5 percent and in 1986 27.9 percent of admissions were to long educational programs with broader employment prospects.

In 1976, 7.2 percent and in 1986 7.9 percent of admissions were to "other" educational programs.

General regulation of admissions to advanced education was introduced in 1977. The above figures are based on the ministry's "total dimensioning."



Total Admissions Divided Into Educational Groups

Key:

1. Number of students admitted
2. Medical, elementary education and liberal arts students
3. Engineering, correspondence and business economics students
4. Law, political science and science students
5. Dental, architectural, theological and journalism students

Last year something new was introduced, free access to a number of educational programs. This means that in most areas, with the exception of the health field, there will be free, or almost free, admission somewhere in the country.

Young People Grasp Situation

In a commentary on the trend shown by the figures, Erik Tottrup, deputy director of the Danish Employers' Association, said to BERLINGSKE TIDENDE:

"I do not know the figures, but if they are correct they show a pronounced and encouraging change. The public sector has reached the saturation point and cannot absorb more people. Young people have cleverly grasped this in evaluating future employment prospects.

"For example, several thousand people with a liberal arts education have found a place in business over the years and it can be documented that this has been mutually satisfactory for both employers and employees."

Has the trend peaked or can the business sector continue to absorb more and more people with a higher education during a possible future business slowdown?

"We must be in the front line with the new technology and young people with a higher education are needed. If things start to get tight there is every reason to put more emphasis on the people who can do the most."

Paper on Trend

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jun 87 p 8

[Editorial: "Green Youth and Good Leaders"]

[Text] Young people are seeking new educational paths. Not all of them, of course, but the shift is so strong that it is quite noticeable. The private business sector has long complained, and justifiably so, that advanced education put too much emphasis on public employment. Some admissions regulation was also necessary to keep too many people from being educated for unemployment. But the major factor was a change in the attitudes of young people themselves. Their selection of educational programs--as documented by 10 years of statistical data--shows that a future in the private business sector has become more attractive than a job in the public sector. This is encouraging from the point of view of national needs.

This trend has been noted at a time when a somewhat muddled discussion of the quality of Danish business leaders is taking place. They are not good enough and lack the necessary talent, according to former Agricultural Minister Bjorn Westh. Now talent is not something a person can decide to have. If that were the case the Social Democratic Party would also have had better leadership. Leadership talent is an ability a person is endowed with by

nature and when it exists it can be detected and developed. It is important for a society that this be done and that the available talent is channeled in the right direction.

In the 1960's and 1970's much too large a share of the nation's supply of talent was channeled into the public sector, where expansion offered a tempting hunting ground, while in an extension of the youth rebellion it was less fashionable to concentrate on the private business sector and money. Society is now paying the price for this as industry has not been large enough to serve as a recruitment base. Therefore Bjorn Westh's party comrade, Poul Nyrup Rasmussen, is closer to the truth when he notes without criticizing individual business leaders that the private sector is contending with a serious bottleneck with regard to its lack of qualified people.

The business sector needs many kinds of talents which are seldom all combined in a single individual. This creates special problems for smaller firms in the changeover from one generation to another. But the big companies that need talent at many levels have the same problem.

The solution, of course, lies in having a broader but voluntary stream of talented young people qualify themselves for jobs in the private sector. Thus it is good that the public sector has reached the saturation point and it is also promising that there is a strong increase in the number of young people who are now educating themselves for jobs in the private sector. But if the new trend is to be a lasting one, actions in Christiansborg must hold out a clear prospect that politically stable future opportunities and prestige are associated with devoting one's life and energy to the private business sector.

6578

CSO: 3613/108

TURKEY

SOCIAL

BRIEFS

DEPARTMENT OF RELIGIOUS AFFAIRS OFFICER--Halit Guler, until recently head of the religious affairs section, has been appointed as acting director of the Department of Religious Affairs (DRA). Guler was born in Alibeyhoyugu, Cumra, Konya in 1948. Completing his studies at Konya Theological Lycee and Higher Institute of Islam, Guler was appointed as a religious official to Beyoglu Central district. Carrying out his duties in that capacity for 10 years, he later served as mufti of Kadikoy and Fatih, Istanbul. While serving in the latter capacity Guler was appointed as head of religious personnel section in DRA. Recently appointed to his present post as acting director, Guler has been serving in the DRA for 25 years. Married, with two children, Guler is the author of text-books for religion courses at junior schools and secondary level of theological lycees. [Text] [Istanbul TERCUMAN in Turkish 21 Apr 87 p 8] 12466

CSO: 3554/246

END